

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic Application Of Kentucky Power Company)	
For Approval Of (1) A Certificate Of Public)	
Convenience And Necessity To Make The Capital)	
Investments Necessary To Continue Taking Capacity)	
And Energy From The Mitchell Generating Station)	Case No. 2025-00175
After December 31, 2028, (2) An Amended)	
Environmental Compliance Plan, (3) Revised)	
Environmental Surcharge Tariff Sheets, And (4) All)	
Other Required Approvals And Relief)	

DIRECT TESTIMONY OF
TANNER S. WOLFFRAM
ON BEHALF OF KENTUCKY POWER COMPANY

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CASE NO. 2025-00175

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EXHIBITS

Exhibit

Exhibit TSW-1

Exhibit TSW-2

Exhibit TSW-3

Description

Mitchell Operating Agreement and Written Consent Action

Mitchell Plant Capital Allocation

Mitchell Environmental Compliance Scenarios

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I. INTRODUCTION

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

2 A. My name is Tanner S. Wolffram and I am the Director, Regulatory Services for Kentucky
3 Power Company (“Kentucky Power” or the “Company”). My business address is 1645
4 Winchester Avenue, Ashland, Kentucky 41101.

II. BACKGROUND

5 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**
6 **BUSINESS EXPERIENCES.**

7 A. I received a Bachelor of Arts degree in Political Science from Miami University in
8 Oxford, Ohio in 2015 and my Juris Doctor degree from The Ohio State University in
9 Columbus, Ohio in 2018. I began my utility industry career with American Electric Power
10 Service Corporation (“AEPSC”) in September 2018 as a Legal Fellow, where I worked on
11 a variety of matters across AEP’s various jurisdictions. In September 2019, I was hired as
12 Counsel-Regulatory East, where I was responsible for providing legal support and
13 guidance on various complaint proceedings, fuel cost recovery, tracker/rider, and base rate
14 filings in AEP’s East jurisdictions, primarily for Kentucky Power, Indiana Michigan Power
15 Company, and Ohio Power Company. In June 2021, I transferred to AEPSC’s central
16 regulatory function as a Regulatory Case Manager, where I coordinated state regulatory
17 filings across AEP’s footprint. My primary responsibilities were related to filings made in

1 Kentucky, Ohio, and Indiana. In July 2024, I accepted my current position as Director,
2 Regulatory Services for Kentucky Power and relocated to the Ashland Office.

3 **Q. WHAT ARE YOUR PRINCIPAL AREAS OF RESPONSIBILITY WITH**
4 **KENTUCKY POWER?**

5 A. I am responsible for managing regulatory strategy for Kentucky Power. This includes
6 planning and executing rate filings for both federal and state regulatory agencies, as well
7 as filings for certificates of public convenience and necessity and for other approvals before
8 this Commission.

9 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN ANY REGULATORY**
10 **PROCEEDINGS?**

11 A. Yes. I adopted the direct testimony of Scott E. Bishop and submitted rebuttal testimony
12 in the Company's most recent Demand-Side Management proceeding, Case No. 2024-
13 00115. Additionally, I provided testimony in the Company's request for approval of a
14 Renewable Energy Purchase Agreement ("REPA") for the Bright Mountain Solar Facility,
15 Case No. 2024-00243, and approval of a certificate of public convenience and necessity
16 ("CPCN") for the Bellefonte Station Upgrade Project, Case No. 2024-00343.

III. PURPOSE OF TESTIMONY

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

18 A. The purpose of my testimony is to:

- 19 • Provide an overview of the Company's requests in this proceeding;
- 20 • Introduce the witnesses who support the Company's Application to make the
- 21 investments necessary to continue taking capacity and energy from the Mitchell

1 Generating Station (“Mitchell Plant,” “Mitchell,” or the “Plant”) after December 31,
2 2028;

- 3 • Provide an overview of the Company’s generation portfolio and future energy and
4 capacity needs;
- 5 • Discuss the major environmental and market changes since the Commission’s Order in
6 Case No. 2021-00004;
- 7 • Demonstrate that the Company’s investment to continue taking capacity and energy
8 from the Mitchell Plant after December 31, 2028, is reasonable and necessary to
9 provide service to its customers, is for a proper purpose, is consistent with the public
10 interest, and will not result in wasteful duplication;
- 11 • Describe the steps required to enable Kentucky Power to continue to receive 50% of
12 Mitchell’s output beyond 2028;
- 13 • Support the costs and proposed cost recovery in the Application;
- 14 • Support the proposed reasonable return on the Effluent Limitations Guideline (“ELG”)
15 Project;
- 16 • Provide the proposed depreciation rate for the ELG Project to be included in and
17 collected through Tariff Environmental Surcharge (“Tariff E.S.”); and
- 18 • Give an overview of potential future environmental compliance scenarios at the
19 Mitchell Plant.

1 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

2 A. Yes. I am sponsoring the following exhibits:

Exhibit TSW-1	Mitchell Operating Agreement and Written Consent Action
Exhibit TSW-2	Mitchell Plant Capital Allocation
Exhibit TSW-3	Mitchell Environmental Compliance Options

3 **Q. WERE THESE EXHIBITS PREPARED BY YOU OR UNDER YOUR**
 4 **DIRECTION?**

5 A. Yes.

IV. OVERVIEW OF THE COMPANY’S PROPOSALS IN THIS PROCEEDING

6 **Q. WHY IS KENTUCKY POWER MAKING THIS APPLICATION?**

7 A. First and foremost, because of the pending loss of energy and capacity from the Company’s
 8 coal-fired Mitchell Plant after December 31, 2028, the Company has been evaluating
 9 options to address its upcoming energy and capacity needs to serve its customers. The
 10 Company is aware of the need and preference to have dispatchable generation available to
 11 provide reliable energy and capacity to our customers. The Company also understands that
 12 decisions relating to generation investments have real impacts on customers. These
 13 investments are often significant and will be used to serve customers for a long time.
 14 Because of these impacts, the Company is thorough when it evaluates potential generation
 15 resources to make sure it selects resources that best allow it to provide adequate, efficient,
 16 and reasonable service to its customers in a safe, reliable, and cost-effective manner. The
 17 Company’s proposal herein satisfies each of these considerations because, if approved, it
 18 will provide Kentucky Power customers with continued access to energy and capacity from
 19 a dispatchable generating resource and extend the benefits currently provided by the
 20 Mitchell Plant.

1 As it currently stands, the Orders in Case No. 2021-00004 and Case No. 2021-
2 00421 mean that the Company will lose roughly 600 megawatts (“MW”) of accredited
3 capacity from Mitchell at the end of 2028.¹ The loss of capacity from Mitchell will result
4 in a capacity need of roughly 585 MW to meet the Company’s summer capacity
5 requirements beginning in PJM planning year 2028/2029.²

6 After a thorough analysis of all reasonable alternatives, the Company determined
7 that making the necessary investment to continue to receive energy and capacity consistent
8 with its 50% ownership of the Mitchell Plant is the least-cost, reasonable alternative for
9 our customers. Absent the approvals requested in this Application, Kentucky Power will
10 have to acquire or contract for a significant amount of capacity and energy from different
11 sources at a higher cost to customers. As discussed by Company Witness Vaughan, the
12 next best alternative is estimated to cost \$136 million more on a total revenue requirement
13 basis from 2029-2031 than the Company’s proposal in this case.

14 **Q. WHAT DOES KENTUCKY POWER PROPOSE IN THIS CASE?**

15 A. As the Commission is aware, Kentucky Power owns an undivided 50% interest in the
16 Mitchell Plant. The other undivided 50% ownership interest is held by Kentucky Power’s
17 affiliate, Wheeling Power Company (“Wheeling Power”). The Company’s CPCN request
18 herein, if granted, will allow Kentucky Power to make the necessary investment to continue
19 taking 50% of the energy and capacity of the Mitchell Plant after December 31, 2028.

20 The requested approvals include:

¹ Company Witness Vaughan highlights the loss of Mitchell results in the loss of 606 MW of accredited capacity. This is on a calendar year basis. The 600 MW loss used here in my direct testimony is on a PJM Planning Year basis.

² The Commission has previously recognized the Company’s need for capacity, especially given the loss of entitlement of capacity from the Mitchell Plant in Case No. 2024-00243, Final Order at 18.

- 1) a CPCN to make the investments necessary to continue taking capacity and energy from the Mitchell Plant after December 31, 2028. This request includes two components:
 - a) Approval of the investments necessary to reflect a full 50% share of the ELG Project (referred to as “Project 23” in the proposed new Environmental Compliance Plan). This necessary investment includes 50% of the net plant balances for the ELG Project (approximately \$57.8 million) estimated as of December 2025 and 50% of the costs West Virginia customers have paid and will pay through the end of December 2025 (approximately \$20.1 million) to construct the ELG Project. The necessary investment therefore totals approximately \$77.9 million. The Company will also be responsible for 50% of the ongoing operations and maintenance (“O&M”) to operate the ELG equipment; and
 - b) Approval of capital investments estimated to be \$60,380,736 through December 2025 necessary to reflect Kentucky Power’s 50% share of non-ELG capital projects that were asymmetrically allocated to Wheeling Power because they had useful lives beyond 2028;
- 2) a revised Environmental Compliance Plan (“ECP”) to reflect the addition of Project 23 (“Costs associated with ELG compliance at the Mitchell Plant”); and
- 3) an increase in the environmental surcharge rate to reflect cost recovery of the annual revenue requirements associated with Project 23.

- 4) Deferral authority for the approximately \$20.1 million share of ELG Project costs that have been charged to West Virginia customers so that they can be amortized and collected over a period of 72 months through 2031;

Figure TSW-1 below provides a breakdown of the cost components and requests in this Application and the filings through which the Company would seek approval to adjust rates to recover those costs:

Figure TSW-1³

Plant Equipment	Estimated Amount	ECP / CPCN Request	Rate Adjustment Request
Mitchell ELG Project	\$77,857,684	This Application	This Application
Mitchell non-ELG capital asymmetrically allocated to Wheeling since September 2022	\$60,380,736	This Application	Company's next base rate case
Total	\$138,238,191		

As shown in Figure TSW-1, the Company is not seeking to recover from customers, at this time, the capital investments necessary to continue operating the Mitchell Plant after December 31, 2028, that are not eligible for recovery through the environmental surcharge in this case. The Company will request to recover those capital costs in its next base rate case.

³ These amounts are estimated through December 2025. Actual amounts necessary to reflect Kentucky Power's 50% share of costs will be billed pursuant to Mitchell Operating Committee resolution, as described beginning on page 21 of my direct testimony.

**V. OVERVIEW OF RELEVANT PROCEDURAL HISTORY AND PURPOSE OF
CURRENT APPLICATION**

Q. PLEASE PROVIDE A BRIEF OVERVIEW OF THE RELEVANT PROCEDURAL HISTORY THAT PRECEDED THIS APPLICATION.

A. Kentucky Power and Wheeling Power each own an undivided 50% interest in the Mitchell Plant. Kentucky Power filed an application in Case No. 2021-00004⁴ on February 8, 2021, seeking, among other things, a CPCN authorizing the construction of environmental projects at the Mitchell Plant necessary to comply with the EPA's Coal Combustion Residuals ("CCR") Rule and the ELG Rule. Kentucky Power proposed two options in that application: (1) to perform the environmental projects required to comply with both the CCR and ELG Rules ("Case 1"), allowing the plant to operate past 2028; or (2) to perform only the environmental projects required to comply with the CCR Rule ("Case 2"), allowing the plant to operate past April 11, 2021, but not past 2028. The Mitchell Plant is required to comply with the ELG Rule in order for it to operate as a coal plant past December 31, 2028. Kentucky Power recommended moving forward with Case 1 (CCR and ELG) in its filing; however, the Commission approved a CPCN only for Case 2 (CCR only) via its July 15, 2021 Order in that case. It later clarified and confirmed that the Company's interest in the Mitchell Plant must terminate by December 31, 2028, as a result of the Commission's July 15, 2021 Order in Case No. 2021-00004.⁵ Kentucky Power, therefore, made the capital investments for the CCR upgrades only.

⁴ *In The Matter Of: Electronic Application Of Kentucky Power Company For Approval Of A Certificate Of Public Convenience And Necessity For Environmental Project Construction At The Mitchell Generating Station, An Amended Environmental Compliance Plan, And Revised Environmental Surcharge Tariff Sheets*, Case No. 2021-00004.

⁵ See Order at 7, *In The Matter Of: Electronic Application Of Kentucky Power Company For Approval Of A Certificate Of Public Convenience And Necessity For Environmental Project Construction At The Mitchell Generating Station, An Amended Environmental Compliance Plan, And Revised Environmental Surcharge Tariff*

1 In the meantime, Wheeling Power received approval from the West Virginia Public
 2 Service Commission to invest in both the CCR upgrades and the ELG Project necessary to
 3 allow the Plant to operate beyond 2028. The West Virginia Public Service Commission
 4 further clarified that its approvals included installation of the entirety of the ELG Project,
 5 not just Wheeling Power's 50% ownership share, the cost of which was to be paid by West
 6 Virginia customers.⁶ As a result of this decision, Wheeling Power made the capital
 7 investments for both: (i) its 50% share of the CCR upgrades; and (ii) the entire ELG Project,
 8 enabling the Mitchell Plant to operate past December 31, 2028. The West Virginia
 9 Commission made clear that,

10 “[u]nless the [Kentucky Public Service Commission] and [Virginia State
 11 Corporation Commission] allow Kentucky Power and the Virginia jurisdictional
 12 customers of APCo to pay for their share of costs for ELG improvements and
 13 continuing operations costs necessary to operate beyond 2028, the benefit of
 14 capacity and energy made possible by the improvements and operating beyond
 15 2028 shall inure to the benefit of West Virginia customers....”⁷

16 Moreover, consistent with the West Virginia Commission's orders, and this
 17 Commission's orders in Case No. 2021-00004 and Case No. 2021-00421, the Company
 18 and Wheeling Power entered into the September 1, 2022 Written Consent Action that,
 19 among other things, provided for asymmetrical capital investment at the Mitchell Plant. At
 20 a high level, the Written Consent Action ensured that, other than certain costs incurred in
 21 developing and evaluating ELG Rule compliance options that Kentucky Power was

Sheets, Case No. 2021-00004 (Ky. P.S.C. May 3, 2022); Order at 13, *In The Matter Of: Electronic Application Of Kentucky Power Company For Approval Of Affiliate Agreements Related To The Mitchell Generating Station*, Case No. 2021-00421 (Ky. P.S.C. May 3, 2022).

⁶ Order, *Application For The Issuance Of A Certificate Of Public Convenience And Necessity For Internal Modifications At Coal Fired Generating Plants Necessary To Comply With Federal Environmental Regulations*, Case No. 20-1040-E-CN (W.V.P.S.C. Aug. 4, 2021).

⁷ Id. at 14.

1 permitted to recover, only Wheeling Power paid for the ELG Project. It also allocated a
2 higher ratable share of all other capital investments necessary to continue operating the
3 Mitchell Plant after December 31, 2028 to Wheeling Power. A copy of the Mitchell Plant
4 Operating Agreement and September 1, 2022 Written Consent Action are included as
5 Exhibit TSW-1 to my direct testimony.⁸

6 **Q. WHY IS KENTUCKY POWER MAKING THIS APPLICATION AT THIS TIME?**

7 A. The Company is making its application at this time for two primary reasons. First, having
8 certainty around whether the Company can extend its entitlement to the energy and
9 capacity from Mitchell will inform what next steps and resources are needed, if any, to
10 meet the Company's remaining energy and capacity needs in advance of the 2028/2029
11 PJM planning year. Second, should this Application be approved, Kentucky Power will
12 have equal involvement in the future operations of the Mitchell Plant beyond 2028,
13 including which environmental compliance option(s) to pursue to allow the Plant to operate
14 beyond 2031.

15 Absent the approvals requested in this Application, Kentucky Power will have to
16 acquire or contract for a significant amount of capacity and energy from different sources
17 at an additional cost to customers, and decisions around future Mitchell Plant operations,
18 including future environmental compliance options, will be made by Wheeling Power. In
19 addition, circumstances have changed since this Commission first directed Kentucky
20 Power to cease taking the 50% entitlement to energy and capacity after 2028. For example,
21 market capacity prices have risen substantially and there is an increased focus on ownership

⁸ The September 1, 2022 Written Consent Action was previously provided to the Commission in Case Nos. 2021-00370 and 2023-00159.

1 of dispatchable resources, which as I discuss further below, makes exploring the extension
2 of the Company's interest in Mitchell's output timely.

VI. INTRODUCTION OF WITNESSES

Q. WHAT ADDITIONAL WITNESSES WILL BE OFFERING TESTIMONY IN SUPPORT OF KENTUCKY POWER'S APPLICATION?

5 A. Three additional witnesses provide testimony in support of the Application.

6 Company Witness Joshua D. Snodgrass gives an overview of the Mitchell Plant
7 operations, including the recent upgrades made at the Plant to improve availability and
8 reliability. He also describes the ELG Project and its current operational status, provides
9 the total capital cost of the ELG Project and associated ongoing O&M related to the ELG
10 Project, and supports the reasonableness and prudence of the non-ELG capital investments
11 the Company requests authority to contribute to herein.

12 Company Witness Alex E. Vaughan provides the economic analysis relied upon by
13 Kentucky Power in comparing the reasonable alternatives to the Company's proposals in
14 this case, including a comparison of other replacement resources and market offerings.
15 Additionally, Witness Vaughan provides the economic analysis performed in assessing
16 potential future environmental compliance paths for the Mitchell Plant. Company Witness
17 Vaughan's analysis demonstrates that making the investments necessary to continue to
18 receive energy and capacity from the Mitchell Plant after 2028 is the least-cost, reasonable
19 alternative to address a significant portion of the Company's future energy and capacity
20 needs.

21 Company Witness Lerah M. Kahn provides an updated Environmental Compliance
22 Plan to include the ELG Project (Project 23). Company Witness Kahn also presents the

1 modifications necessary to Tariff E.S. and the environmental surcharge forms and provides
2 the revenue requirement and estimated rate impacts associated with Project 23.

VII. OVERVIEW OF KENTUCKY POWER'S EXISTING GENERATION RESOURCES

3 **Q. PLEASE DESCRIBE KENTUCKY POWER'S EXISTING GENERATION**
4 **PORTFOLIO.**

5 A. Kentucky Power owns and operates the Big Sandy Plant located near Louisa, Kentucky.
6 The plant currently has a single operating unit with a generating capacity of 295 MW. Big
7 Sandy Unit 1 was originally placed in service in 1963 and operated as a 278 MW sub-
8 critical coal-fired generating unit through mid-November 2015. As approved by the
9 Commission in Case No. 2013-00430, Big Sandy Unit 1 was converted to a natural gas-
10 fired unit and returned to service May 31, 2016.

11 The Mitchell Plant is located approximately 12 miles south of Moundsville, West
12 Virginia on the Ohio River and is operated by Wheeling Power. The Plant is comprised of
13 two super-critical pulverized coal-fired baseload generating units. Mitchell Unit 1 has a
14 nameplate capacity of 770 MW and Mitchell Unit 2 has a nameplate capacity of 790 MW,
15 for a total nameplate capacity of 1,560 MW. Both units were placed in service in 1971.
16 Based on the regulatory history further described above, absent a change, Kentucky
17 Power's undivided 50% entitlement to the energy and capacity from the Mitchell Plant will
18 terminate on January 1, 2029.

**VIII. MAKING THE INVESTMENT TO EXTEND THE COMPANY'S
INTEREST IN MITCHELL'S OUTPUT IS APPROPRIATE AT THIS TIME**

1 **Q. PLEASE DESCRIBE, AT A HIGH-LEVEL, KENTUCKY POWER'S**
2 **GENERATION NEEDS.**

3 A. The Company's most recent Integrated Resource Plan ("IRP"), Case No. 2023-00092,
4 provides a detailed description of Kentucky Power's generation needs. The IRP identifies
5 a need for at least 713 MW⁹ of summer capacity beginning in 2028 arising from the
6 currently-required termination of the Company's 50% undivided interest in energy and
7 capacity from the Mitchell Plant.

8 The Company also understands that the Commission expects electric utilities to
9 plan to meet their maximum customer demand, which for Kentucky Power as a winter
10 peaking utility, means planning for its winter capacity needs.¹⁰ The Company is also aware
11 that PJM has initiated a process to review and potentially revise how winter capacity is
12 accounted for in its accreditation methodology, including adding a winter capacity
13 requirement, beginning in planning years 2029/2030. If PJM does make such revisions,
14 even if the capacity provided by Mitchell remains a part of the Company's generation
15 portfolio, the Company would still need to add roughly 280 MW of additional accredited
16 capacity to meet its future winter capacity needs. The amount of needed capacity increases

⁹ According to the Company's most recent IRP, the Mitchell Plant covers 713 MW of the Company's summer capacity requirements. After the Company's IRP filing, PJM made changes to its capacity accreditation process. Based on PJM's new ELCC process, the Company's 50% share of Mitchell is estimated to be worth approximately 606 MW of accredited capacity or UCAP.

¹⁰ Order, *In The Matter Of: Electronic Investigation Of The Service, Rates and Facilities of Kentucky Power Company*, Case No. 2021-00370 (Ky. P.S.C. June 23, 2023) ("Kentucky law requires retail electric suppliers, such as Kentucky Power, to have sufficient capacity to meet maximum estimate customer demand, including sufficient generation capacity."); *see also* KRS 278.010(14).

significantly (from approximately 280 MW to nearly 880 MW) if the Company’s interest in Mitchell terminates on January 1, 2029, as the Commission’s orders currently require.

Figure TSW-2 shows the Company’s winter capacity position if Mitchell’s output is no longer available to Kentucky Power after 2028, assuming a requirement to plan to the Company’s winter capacity needs rather than its current PJM summer capacity obligation.

Figure TSW-2¹¹

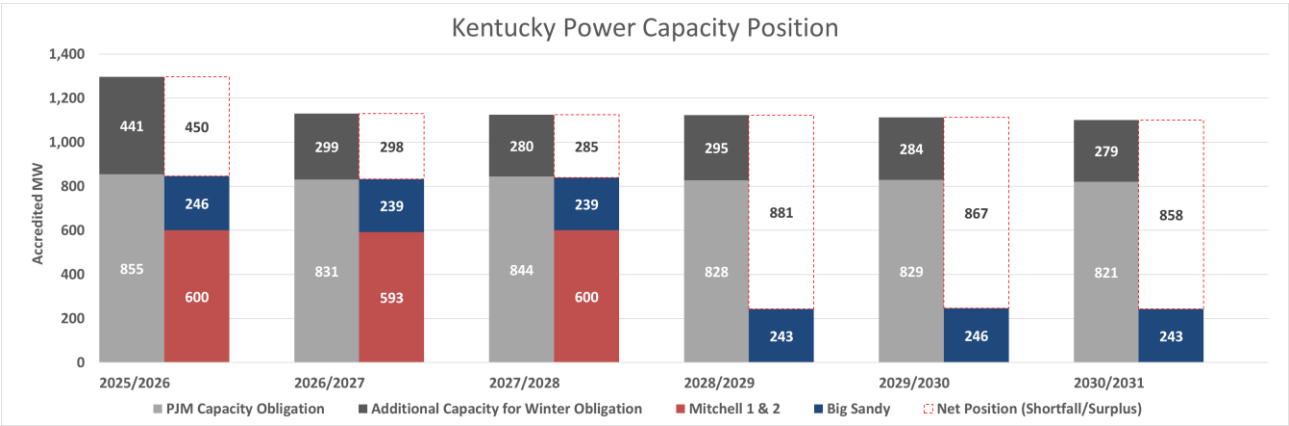
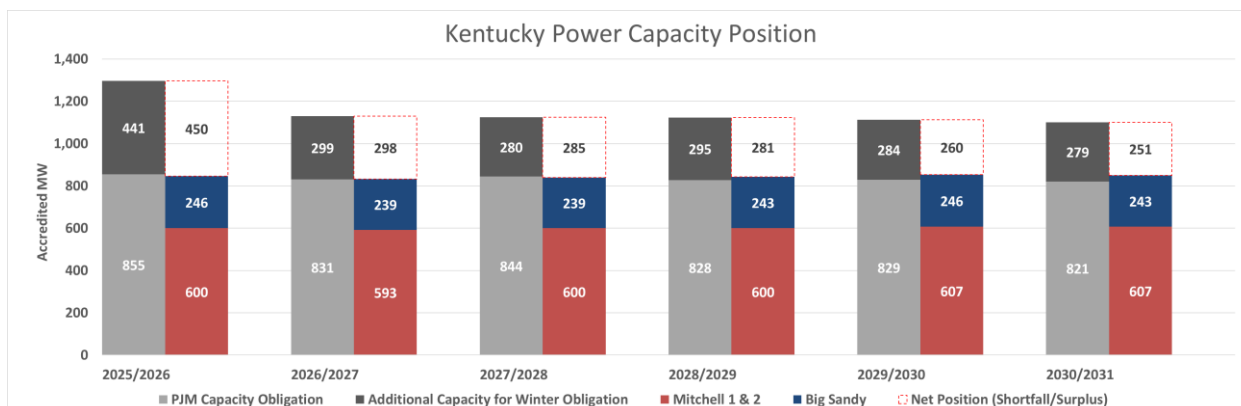


Figure TSW-3 below shows the Company’s future capacity needs assuming the Company’s interest in the Mitchell Plant is extended past 2028.

¹¹ The PJM Capacity Obligation in the chart represents the Company’s summer capacity requirements.

Figure TSW-3¹²

The figures above demonstrate that by continuing the Company's interest in capacity from the Mitchell Plant, the Company can satisfy the current PJM summer capacity obligation through at least 2031 and would need to add approximately 280 MW of capacity to meet its winter needs. However, if Kentucky Power no longer takes capacity from the Mitchell Plant after 2028, then the Company will have an approximate 585 MW capacity shortfall with respect to its current PJM summer capacity obligation in the 2028/2029 delivery year, and roughly 880 MW capacity shortfall with respect to any winter obligation in the 2028/2029 delivery year.

Q. PLEASE DESCRIBE THE STEPS THE COMPANY UNDERTOOK TO ADDRESS THE CAPACITY NEED EXPECTED TO ARISE AS A RESULT OF THE DISCONTINUATION OF THE MITCHELL CAPACITY AND ENERGY.

A. On September 22, 2023, the Company issued an all-source request for proposals ("RFP") to identify potential Power Purchase Agreements ("PPA") to address the Company's current and future capacity needs. The Company selected one project from the RFP bids, the Bright Mountain REPA, as an initial step towards addressing a portion of the

¹² The PJM Capacity Obligation in the chart represents the Company's summer capacity requirements.

1 Company's energy and capacity needs, which was the subject of the Company's
2 Application in Case No. 2024-00243. The Commission ultimately denied the Company's
3 application to approve entering into that REPA.

4 The Company also evaluated multiple PPA bids from thermal resources as part of
5 the 2023 RFP. However, during the course of the RFP analysis, there were significant
6 fluctuations in the capacity markets and changes in environmental compliance
7 requirements. Because of the new environmental requirements for fossil fuel-fired
8 generation and the changes in market prices, the thermal PPA bids that the Company
9 initially received either repriced or dropped out of the RFP process. Each of the thermal
10 bids increased after repricing, which required the Company to evaluate other options to
11 address its capacity needs. Company Witness Vaughan presents a comparison of the
12 reasonable alternatives to extending the Company's interest in the Mitchell Plant.

13 **Q. WHAT CHANGES IN THE CAPACITY MARKETS AND ENVIRONMENTAL**
14 **COMPLIANCE REQUIREMENTS IMPACTED THE BIDS THE COMPANY**
15 **EVALUATED AS PART OF THE 2023 RFP PROCESS?**

16 A. During the process of evaluating PPA bids submitted in response to the Company's 2023
17 RFP, the EPA issued the final Rule 111(d). At a high level, Rule 111(d) (also known as the
18 Greenhouse Gas "GHG" rule) set carbon dioxide (CO₂) emission standards for new gas-
19 fired combustion turbines and existing coal, oil, and gas-fired generation units.¹³ The
20 timing of the rule coincided with increases in capacity market prices. For the PJM planning
21 year 2025/2026, prices throughout the majority of the PJM footprint rose over 800% to

¹³ United States Environmental Protection Agency, "Greenhouse Gas Standards and Guidelines for Fossil Fuel-Fired Power Plants," available at <https://www.epa.gov/stationary-sources-air-pollution/greenhouse-gas-standards-and-guidelines-fossil-fuel-fired-power> (last accessed June 27, 2025).

roughly \$270/MW-day, as compared to approximately \$29/MW-day for the 2024/2025 planning year.¹⁴ These substantial increases in PJM capacity prices were largely driven by generation retirements with fewer offsetting generation additions and growing demand across the Regional Transmission Organization. The Company expects capacity prices in PJM to remain elevated through 2031, which is the date through which Mitchell can operate as a coal plant without further upgrades to meet new environmental regulations finalized in 2024. Specifically, Company Witness Vaughan's 2029-2031 analysis utilized an average capacity price of \$207/MW-day as the basis for comparison based on the Company's updated fundamental forecast.

Q. ARE THERE ANY ADDITIONAL FACTORS THAT CAUSED THE COMPANY TO EVALUATE EXTENDING ITS INTEREST IN THE CAPACITY AND ENERGY FROM THE MITCHELL PLANT?

A. Yes. Kentucky Power understands that it is the Commission's expectation that electric utilities in the Commonwealth replace or add capacity by building or acquiring "steel in the ground" assets or by entering into power purchase agreements.¹⁵ Furthermore, the Company has been involved in discussions with various stakeholders and legislators that recognized the value and long-term importance of having direct access to dispatchable generation to serve customers. With that in mind, and following a thorough evaluation of alternative resources to replace the capacity and energy currently received from the

¹⁴ Charles River and Associates, "PJM capacity prices reach historic highs, reflecting the tightening supply-demand balance and recent market changes," available at <https://www.crai.com/insights-events/publications/pjm-capacity-reach-highs-reflect-tight-supply-demand-balance/> (last accessed June 27, 2025).

¹⁵ Order at 95, *In The Matter Of: Electronic Joint Application Of Kentucky Utilities Company And Louisville Gas And Electric Company For Certificates Of Public Convenience And Necessity And Site Compatibility Certificates And Approval Of A Demand Side Management Plan And Approval Of Fossil Fuel-Fired Generating Unit Retirements*, Case No. 2022-00402 (Ky. P.S.C. Nov. 6, 2023).

1 Mitchell Plant, the Company determined that making the investments necessary to extend
2 the Company's entitlement to 50% of the energy and capacity from the Mitchell Plant is
3 the least-cost, reasonable option to serve customers and meet a significant portion of the
4 Company's capacity obligations after 2028. I provide additional explanation of the
5 Company's determination in more detail below, and Company Witness Vaughan provides
6 the in-depth analysis the Company performed that supports its determination.

**IX. THE PROPOSED INVESTMENT IS REQUIRED FOR THE PUBLIC
CONVENIENCE AND NECESSITY, IS FOR A PROPER PURPOSE, AND WILL
NOT RESULT IN WASTEFUL DUPLICATION**

7 **Q. IS MAKING THE INVESTMENTS NECESSARY TO CONTINUE TO RECEIVE**
8 **50% OF MITCHELL'S OUTPUT AFTER 2028 REQUIRED FOR THE PUBLIC**
9 **CONVENIENCE AND NECESSITY?**

10 A. Yes. As mentioned above, the Company's summer capacity need increases by 585 MW
11 beginning in PJM planning year 2028/2029 as a result of the currently-required termination
12 of the Company's undivided interest in the capacity from the Mitchell Plant after 2028.
13 The Company's winter capacity need would increase to roughly 880 MW upon that
14 termination. Company Witness Vaughan compared all reasonable alternatives for
15 addressing the Company's looming capacity need to replace the capacity the Company
16 receives from Mitchell. The analysis demonstrated that making the investments necessary
17 to extend the Company's interest in Mitchell's output is estimated to cost \$136 million less
18 than the next least expensive alternative. The Company also considered self-build options,
19 but given the timing of the capacity needs, it would not be practicable to construct a new
20 generation asset with comparable capacity and energy before the termination of the
21 Company's interest in the Mitchell Plant as directed in Case No. 2021-00004.

1 The evidence provided in the Company's Application makes clear the Company
2 has a significant capacity need after 2028, and that extending the Company's interest in
3 Mitchell's output is the least-cost, reasonable alternative for addressing a significant
4 portion of the Company's capacity needs.

5 **Q. IS THE EXTENSION OF THE COMPANY'S INTEREST IN THE CAPACITY**
6 **AND ENERGY FROM THE MITCHELL PLANT FOR A PROPER PURPOSE?**

7 A. Yes. Kentucky Power is a corporation organized under the laws of the Commonwealth of
8 Kentucky. It is regulated by the Commission and, pursuant to Kentucky's Certified
9 Territory Statutes, KRS 278.016-278.018, possesses the exclusive right and obligation to
10 provide retail electric service within its certified territory in parts of 20 counties in
11 Kentucky. The Company is requesting to extend its interest in the energy and capacity
12 from the Mitchell Plant in order to meet its obligations as an electric utility providing
13 service within its certified territory within the Commonwealth of Kentucky. Specifically,
14 the extension is required to provide adequate, efficient, and reasonable service to its
15 customers. This Application is for a proper purpose because it ensures that Kentucky
16 Power has the owned or contracted-for generation necessary to meet a significant portion
17 of its customers' capacity and energy needs.

18 **Q. WILL THE CAPACITY AND ENERGY PROVIDED BY THE MITCHELL**
19 **PLANT AFTER 2028 RESULT IN WASTEFUL DUPLICATION?**

20 A. No. Making the investments necessary for Kentucky Power to extend its entitlement to
21 50% of the Mitchell Plant's output beyond December 31, 2028 does not duplicate any
22 existing facilities and does not result in an excess of capacity beyond need, or excess
23 investment in relation to the productivity and efficiency to be gained. In fact, as explained

1 above, there is a clear need for resources in addition to the Mitchell Plant to serve the
2 Company's customers, especially when planning for the Company's winter capacity needs
3 as the Commission has directed the Company to do. This alone demonstrates that
4 continuing the Company's 50% interest in the capacity from the Mitchell Plant is not in
5 excess of the Company's needs.

6 **Q. SHOULD THE COMMISSION APPROVE THIS APPLICATION, HOW LONG**
7 **COULD MITCHELL OPERATE AS A COAL PLANT UNDER CURRENT EPA**
8 **REGULATIONS WITHOUT ADDITIONAL ENVIRONMENTAL UPGRADES?**

9 A. Under current environmental regulations, the Mitchell Plant can continue to operate as a
10 coal plant through December 31, 2031, without additional environmental upgrades. While
11 Kentucky Power is not, at this time, seeking approval to make additional environmental
12 investments beyond the ELG investments that have already been made, such a request may
13 be necessary in the future if there is no change in current environmental regulations.

14 **Q. DOES THE INVESTMENT REQUESTED HEREIN, TO EXTEND KENTUCKY**
15 **POWER'S INTEREST IN MITCHELL'S OUTPUT PAST 2028, RESULT IN**
16 **WASTEFUL DUPLICATION EVEN IF ADDITIONAL INVESTMENT IS**
17 **REQUIRED TO CONTINUE OPERATING THE PLANT AFTER 2031?**

18 A. No. As Company Witness Vaughan's analysis confirms, even if Mitchell operated as a
19 coal plant only through 2031, extending the Company's interest in the capacity and energy
20 from the Mitchell Plant is still the least-cost, reasonable alternative to serve Kentucky
21 Power's customers in the 2029-2031 time period. Specifically, if the Company's interest
22 in Mitchell's capacity and energy were to terminate, the remaining net book value of the
23 Plant would continue to be collected, and the Company would still be required to add

1 additional resources, and therefore incur additional costs, to serve its customers.
2 Furthermore, as explained below, approving the requests in this Application allows the
3 Company to evaluate additional options for extending the life of the Plant to the continued
4 benefit of customers.

5 Moreover, if there is a change in law to modify, repeal, or delay current
6 environmental regulations, the Mitchell Plant could potentially continue to operate as a
7 coal plant through its expected retirement date of 2040. For example, on June 11, 2025,
8 the EPA announced a proposed rule that would repeal the 2024 GHG Rules and the MATS
9 Rule. To the extent that proposed rule becomes final, Mitchell could operate as-is through
10 at least 2034. Approving this Application gives the Company the opportunity to take
11 advantage of any changes in law and provides flexibility and optionality to serve its
12 customers into the future.

13 Lastly, the Company performed a thorough analysis of all reasonable alternatives
14 as supported by Company Witness Vaughan's economic analysis. Mr. Vaughan's analysis
15 compared extending the Company's interest in Mitchell's output to PPA replacement
16 options and replacement with market purchases. As explained above, Witness Vaughan's
17 analysis shows that making the necessary investments to continue Kentucky Power's 50%
18 interest in the capacity and energy from the Mitchell Plant through at-least 2031 represents
19 the least-cost, reasonable alternative to serve customers.

**X. STEPS NECESSARY FOR KENTUCKY POWER TO EXTEND
ITS INTEREST IN MITCHELL'S OUTPUT**

1 **Q. HAS KENTUCKY POWER NOTIFIED WHEELING POWER OF ITS INTENT TO**
2 **FILE THIS APPLICATION?**

3 A. Yes, the Company has informed Wheeling Power that making the investments proposed in
4 this Application is the least-cost, reasonable alternative to serve Kentucky Power's
5 customers. On May 28, 2025, the Mitchell Operating Committee met and concluded that
6 Kentucky Power would move forward with this Application.

7 **Q. DOES THE COMPANY EXPECT THAT CHANGES TO THE MITCHELL**
8 **OPERATING AGREEMENT WOULD BE REQUIRED TO ALLOW KENTUCKY**
9 **POWER TO MAKE THE INVESTMENTS NECESSARY TO CONTINUE TO**
10 **RECEIVE 50% OF THE PLANT'S OUTPUT?**

11 A. No, changes to the Mitchell Operating Agreement itself would not be required. However,
12 should the Commission approve this Application, the Mitchell Operating Committee
13 would meet as soon as practical after approval to adopt new resolutions that terminate the
14 ones adopted in the September 1, 2022 Written Consent Action that permitted
15 asymmetrical capital investment at the Plant.¹⁶ These new resolutions would reinstate
16 Kentucky Power's obligation to pay equally for capital improvements to the Mitchell Plant
17 pursuant to Section 3.2 of the Mitchell Plant Operating Agreement. The Mitchell
18 Operating Committee will then issue new or corrected billing statements to Kentucky
19 Power to reflect the Company's 50% investment in the ELG Project plus applicable
20 carrying costs, depreciation expenses, and taxes incurred by Wheeling Power and the full

¹⁶ The new resolutions would not impact Wheeling Power's responsibilities as the operator of the Mitchell Plant, consistent with the September 1, 2022 Written Consent Action.

1 50% share of any non-ELG Project capital that was asymmetrically allocated to Wheeling
2 as result of this Commission's Order in Case No. 2021-00004.

XI. THE COMPANY'S PROPOSED INVESTMENT

3 Q. WHAT ARE THE PROJECTED COSTS OF THE ELG PROJECT?

4 A. The Company will need to make an investment of \$77.9 million to reflect its 50%
5 undivided interest in the ELG Project. Additionally, as described in the testimony of
6 Company Witness Snodgrass, the ongoing annual operations and maintenance costs of the
7 ELG Project beginning in 2026 is approximately \$1.3 million per year on a total Mitchell
8 Plant basis. Thus, the Company's 50% share of the annual O&M expenses for the ELG
9 Project would be approximately \$665,000.

**10 Q. PLEASE PROVIDE A BREAKDOWN OF THE \$77.9 MILLION ELG PROJECT
11 INVESTMENT THE COMPANY IS PROPOSING TO COLLECT THROUGH
12 THE ENVIRONMENTAL SURCHARGE.**

13 A. In order to fully reflect a 50% share of the costs of the ELG Project through December
14 2025, the Company has included 50% of the estimated cost of the ELG Project that has
15 been and will be paid by West Virginia customers, amounting to approximately \$20.1
16 million. These costs include depreciation expense, associated taxes, carrying costs, and a
17 return on the ELG Project. Additionally, the Company included 50% of the net ELG
18 Project plant balance that it will be responsible for going forward should this Application
19 be approved, amounting to approximately \$57.8 million. A breakdown of the costs
20 projected through December 2025 is presented in Figure TSW-4.

Figure TSW-4

Return on Rate Base	14,968,055.30
Carrying Charge on CWIP	7,917,851.63
Depreciation Expense	12,862,586.17
Taxes Other than Income Taxes	182,650.91
Federal Income Taxes	3,789,382.95
State Income Taxes	397,803.77
Total Cost of Service	40,118,330.73
50% Allocation	50.00%
KY Allocated COS	20,059,165.36
Forecasted Rate Base - 12-31-2025	115,597,037.92
50% Allocation	50.00%
KY Allocated COS	57,798,518.96
Total ELG Catch-Up	77,857,684.32

As shown in Figure TSW-4, provided to the Company by Wheeling Power, West Virginia customers will have paid approximately \$40.1 million for the ELG Project cost of service through December 2025. If this Application is approved, Kentucky Power would be responsible for 50% of that amount, which is estimated to total \$20.1 million. The Company requests approval to defer that \$20.1 million to a regulatory asset on the Company's books and recover it through the environmental surcharge. The Company is proposing to amortize this amount for a period of 72 months through 2031.

The Company will also record both the original cost of 50% of the ELG Project (\$64.9 million) and accumulated depreciation (\$7.7 million) to get to the net Kentucky Power allocated cost of service that it must invest for the remaining ELG Project (\$57.8 million) as of December 2025.

Company Witness Kahn provides updated environmental surcharge forms in her Exhibit LMK-3 to illustrate the necessary changes to capture recovery of the \$20.1 million regulatory asset and remaining ELG Project within the environmental surcharge.

1 **Q. IS THE COMPANY SEEKING CARRYING COSTS ON THE \$20.1 MILLION**
2 **REGULATORY ASSET DESCRIBED ABOVE?**

3 A. Yes. Should the Commission approve this Application, the \$20.1 million expense will be
4 incurred by Kentucky Power in the month that the billing statement is issued by the
5 Mitchell Operating Committee. Normally, the Company would request immediate
6 recovery of those amounts. However, the Company recognizes that this expense will allow
7 the Plant to operate as-is through at least 2031 and, in an effort to provide rate relief to
8 customers in the near term, the Company has proposed to recover the expense through
9 2031. Consequently, the Company will carry that amount on its books until it is fully
10 recovered from customers through the environmental surcharge in 2031. As such, it is
11 appropriate to apply a carry charge at the Company's currently-approved weighted average
12 cost of capital ("WACC") to those amounts. The Company's currently-approved WACC
13 is 8.16% for the environmental surcharge. Company Witness Kahn applies this WACC to
14 the \$20.1 million as part of the Tariff E.S. revenue requirement.

15 **Q. WHAT RETURN ON EQUITY FOR THE ELG PROJECT IS KENTUCKY**
16 **POWER REQUESTING IN THIS PROCEEDING?**

17 A. Kentucky Power requests the 9.65 percent return on equity ("ROE") established by the
18 Commission in Case No. 2023-00159 for ELG compliance costs recovered through
19 Tariff E.S. This ROE was determined based upon a full cost of equity analysis and
20 thorough Commission review in that case. It is therefore reasonable to continue to use this
21 ROE in this case. The Company will propose to update the applicable ROE for this rider
22 in its next general rate case proceeding.

1 **Q. WHAT IS THE DEPRECIABLE LIFE THE COMPANY IS PROPOSING FOR**
2 **THE ELG PROJECT?**

3 A. The Company is proposing to depreciate the \$57.8 million ELG investment shown in
4 Figure TSW-4 through 2040. The Company is currently depreciating the Mitchell Plant
5 through 2040. Accordingly, a basic 6.67% depreciation rate (or 1/15 years) is appropriate
6 and is reflected in Exhibit LMK-4 to produce the depreciation expense accrual required for
7 the total revenue requirement. The actual depreciation rate applied to the ELG Project will
8 be dependent on the actual plant balances transferred but will produce the same
9 depreciation expense accrual as presented in the revenue requirement.

10 **Q. WILL THE PROPOSED INVESTMENT MATERIALLY AFFECT THE**
11 **FINANCIAL CONDITION OF KENTUCKY POWER COMPANY?**

12 A. No. Kentucky Power will finance the investment to reflect a 50% share of the ELG Project
13 and the non-ELG capital in a manner consistent with Kentucky Power's current capital
14 structure, which includes short-term debt, long-term debt, and equity. Additionally, the
15 Company does not anticipate any impact to its credit ratings as a result of reflecting its 50%
16 interest in the ELG Project or the non-ELG capital.

17 **Q. PLEASE DESCRIBE THE NON-ELG PROJECT COSTS NOT REQUESTED FOR**
18 **RECOVERY IN THIS PROCEEDING THAT KENTUCKY POWER WOULD BE**
19 **RESPONSIBLE FOR IN ORDER TO REFLECT ITS FULL 50% INTEREST IN**
20 **MITCHELL'S OUTPUT AFTER 2028 AND GOING FORWARD.**

21 A. As explained previously, and as shown on Exhibit TSW-2, Wheeling Power has paid for a
22 higher ratable share of the non-ELG Project capital investments made at the Plant to the
23 extent those investments had useful lives beyond 2028. The non-ELG Project capital that

1 the Company would include in its next general rate case is approximately \$60.4 million.
2 Company Witness Snodgrass provides a breakdown of the projects that make up the \$60.4
3 million.

4 **Q. PLEASE SUMMARIZE THE TOTAL INVESTMENT KENTUCKY POWER**
5 **WOULD BE RESPONSIBLE FOR IN ORDER TO REFLECT ITS FULL 50%**
6 **INTEREST IN MITCHELL'S OUTPUT AFTER 2028 AND GOING FORWARD.**

7 A. In total, an investment of roughly \$138.2 million, which is inclusive of the ELG Project
8 and non-ELG Project components, is necessary to extend the Company's entitlement to
9 energy and capacity from Mitchell beyond 2028. The Company would also be responsible
10 for 50% of the cost of any environmental upgrades required to continue operating the Plant
11 beyond 2031 to the extent that decision is made and approved by this Commission.

12 **Q. IS THE COMPANY CONSIDERING ANY ADDITIONAL COST-MITIGATION**
13 **OPTIONS FOR CUSTOMERS RELATED TO THE PLANT?**

14 A. Yes, the Company sought new legislation during the 2025 Kentucky legislative session to
15 securitize the remaining net book value of the Mitchell Plant. Company President Cynthia
16 Wiseman, Company Witness Vaughan, and AEP CEO Bill Fehrman testified before the
17 Senate Standing Committee on Natural Resources and Energy to support new securitization
18 legislation. That legislation ultimately was not passed by the Kentucky General Assembly,
19 but the Company is committed to continuing to advocate for securitization legislation in
20 future legislative sessions to help provide rate relief for customers, specifically as it relates
21 to the Mitchell Plant and the associated environmental upgrades subject to this proceeding.

XII. FUTURE ENVIRONMENTAL COMPLIANCE CONSIDERATIONS

1 **Q. YOU MENTIONED ADDITIONAL ENVIRONMENTAL COMPLIANCE**
2 **OPTIONS FOR THE MITCHELL PLANT ABOVE. PLEASE PROVIDE AN**
3 **OVERVIEW OF THE COMPLIANCE OPTIONS THAT WOULD ALLOW THE**
4 **PLANT TO OPERATE BEYOND 2031.**

5 **A.** In May 2024, the EPA finalized GHG Standards for existing coal units. Under these GHG
6 Standards, coal units have four compliance options in order to operate after 2031:

- 7 1) install a 90% carbon capture and storage control system by January 1, 2032;
8 2) co-fire the existing facilities with 40% natural gas by 2030;
9 3) retire the unit by January 1, 2032; or
10 4) convert the coal facility to 100% gas operation by 2030.

11 In May 2024, the EPA also finalized additional revisions to the ELG Rule.
12 Specifically, these revisions require the installation of zero liquid discharge (“ZLD”)
13 equipment by 2029 to allow the Plant to continue to operate. If the Plant complies with the
14 40% co-firing options under the GHG Standards but not the ZLD revisions to the ELG
15 Rule, the Plant will be required to close by the end of 2034. If the Plant complies by
16 investing in both the 40% gas co-firing and ZLD options, then the Plant can run until 2039.
17 If the Plant complies by installing ZLD equipment and installs 90% carbon capture under
18 the GHG standards, there is no required retirement date for the Plant. Also, if the Plant
19 was converted to 100% gas by 2030, there would be no required retirement date.

20 Furthermore, as explained above, there has been discussion among federal policy
21 makers regarding extending or eliminating the additional compliance requirements
22 (specifically the GHG Standard and ZLD requirements) to operate existing coal plants

1 going forward.¹⁷ As such, there are multiple options to continue to operate the Plant
2 beyond 2031, and such a decision need not be made as part of this Application or in order
3 for the Commission to approve this Application. Approval of this Application will,
4 however, provide the Company the ability to make decisions regarding future compliance
5 options and/or take advantage of any changes to the environmental requirements. Exhibit
6 TSW-3 provides a visual demonstration of the current environmental compliance options
7 for Mitchell.

8 Company Witness Vaughan also provides economic analysis of the potential future
9 environmental compliance options. The Company did not model a carbon capture scenario
10 as it does not believe that is practical from a cost or engineering perspective at this time,
11 given the Company's general knowledge of the unproven nature of the carbon capture
12 technology.

13 **Q. HAS THE COMPANY MADE A DECISION AS TO WHICH COMPLIANCE**
14 **SCENARIO IT WOULD IMPLEMENT AT MITCHELL TO EXTEND THE**
15 **OPERATION?**

16 A. Not at this time, particularly given that the Company is not currently entitled to any of the
17 energy or capacity from the Plant's operation beyond 2028 and given the uncertainty
18 around the environmental regulations. The Company is committed to evaluating options
19 going forward to select the compliance option that results in the least-cost, reasonable
20 option to serve customers and ensuring that Kentucky Power customers benefit from the
21 investments that are made at the Plant over the longest period possible. Approval of this
22 Application is a critical step to allow the Company to be at the table when making a

¹⁷ As previously mentioned, the EPA has announced plans to repeal the GHG rules.

1 decision on how the Mitchell Plant will comply with any then-applicable environmental
2 regulations.

XIII. CONCLUSION

3 **Q. WHAT IS YOUR OVERALL RECOMMENDATION WITH RESPECT TO THE**
4 **COMPANY'S APPLICATION HERE?**

5 A. My overall recommendation is that the Commission approve the Company's Application
6 and issue a CPCN allowing the Company to make the necessary investments to allow it to
7 continue to take energy and capacity from Mitchell after 2028, and that it approve the
8 requested cost recovery of the investments in the ELG Project investment through Tariff
9 E.S. and the requested deferral. As explained throughout the Company's Application and
10 supporting testimony, the capital projects the Company is requesting be approved were
11 prudently incurred, were required to comply with applicable environmental laws, provide
12 reliability and availability improvements for the Plant, and will allow Kentucky Power to
13 continue serving customers with Mitchell's capacity and energy after 2028. The economic
14 analysis provided by Company Witness Vaughan demonstrates that the Company's
15 proposal represents the least-cost, reasonable alternative to address its future capacity
16 shortfall regardless of future environmental compliance requirements. Finally, the
17 Company has satisfied each of the Commission's standards for approval through its
18 Application and testimony. Therefore, I recommend the Commission grant all approvals
19 necessary for the Company to continue to take energy and capacity from the Mitchell Plant
20 after December 31, 2028.

21 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

22 A. Yes, it does.

VERIFICATION

The undersigned, Tanner S. Wolffram, being duly sworn, deposes and says he is the Directory of Regulatory for Kentucky Power Company, that he has personal knowledge of the matters set forth in the foregoing testimony and the information contained therein is true and correct to the best of his information, knowledge, and belief after reasonable inquiry.

Tanner S. Wolffram
Tanner S. Wolffram

Commonwealth of Kentucky)
County of Boyd)

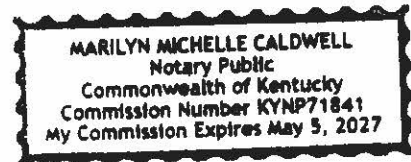
Case No. 2025-00175

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Tanner S. Wolffram, on June 26, 2025.

Marilyn Michelle Caldwell
Notary Public

My Commission Expires May 5, 2027

Notary ID Number KYNP 71841



RATE SCHEDULE NO. 303

MITCHELL PLANT OPERATING AGREEMENT

KENTUCKY POWER COMPANY

WHEELING POWER COMPANY

and

AMERICAN ELECTRIC POWER SERVICE CORPORATION, AS AGENT

Tariff Submitter: **Kentucky Power Company**

FERC Program Name: **FERC FPA Electric Tariff**

Tariff Title: **KPCo Rate Schedules and Service Agreement Tariffs**

Tariff Proposed Effective Date: **12/31/2014**

Tariff Record Title: **Mitchell Plant Operating Agreement**

Option Code: **A**

Record Content Description: **Rate Schedule No. 303**

THIS MITCHELL PLANT OPERATING AGREEMENT (“Agreement”), with an effective date of December 31, 2014 (“Effective Date”), is by and among Kentucky Power Company, a Kentucky corporation qualified as a foreign corporation in West Virginia (“KPCo”), and Wheeling Power Company, a West Virginia corporation (“WPCo”) (such two parties hereinafter sometimes referred to as the “Owners”); and American Electric Power Service Corporation, a New York corporation qualified as a foreign corporation in West Virginia (“Agent”). KPCo, WPCo and Agent may hereinafter be referred to as a “Party” or collectively as the “Parties”.

WITNESSETH:

WHEREAS, KPCo acquired a fifty percent (50%) undivided ownership interest in the Mitchell Power Generation Facility consisting of two 800MW generating units and associated plant, equipment and real estate, located in Moundsville, West Virginia (the “Mitchell Facility”) on December 31, 2013; and

WHEREAS, AEP Generation Resources Inc. (“AEPGR”), an affiliate of the Parties, acquired a fifty percent (50%) undivided ownership interest in the Mitchell Facility, also on December 31, 2013; and

WHEREAS, pursuant to an Asset Contribution Agreement between AEPGR and Newco Wheeling Inc., a West Virginia corporation merged or to be merged into WPCo upon the closing of the transactions (the “Transfer Date”) set forth in such Asset Contribution Agreement (the “ACA”), AEPGR transferred its fifty percent (50%) undivided interest in the Mitchell Facility to Newco Wheeling Inc., exclusive of its interest in the Conner Run Fly Ash Impoundment and Dam (“Conner Run”), which interest in Conner Run was retained on the Transfer Date by AEPGR; and

WHEREAS, this Agreement shall be effective upon the Effective Date but the rights and obligations set forth herein shall not commence until 12:01 AM on the day following the Transfer Date; and

WHEREAS, the Owners desire that KPCo shall operate and maintain the Mitchell Facility, exclusive of Conner Run (the "Mitchell Plant"), in accordance with the provisions set forth herein; and

WHEREAS, the Owners are subsidiaries of American Electric Power Company, Inc. ("AEP"), the parent company in an integrated public utility holding company system, and use the services of Agent (an affiliated company engaged solely in the business of furnishing essential services to the Owners and to other affiliated companies), as outlined in the service agreements between Agent and KPCo and between Agent and WPCo.

NOW THEREFORE, in consideration of the premises and for the purposes hereinabove recited, and in consideration of the mutual covenants hereinafter contained, the signatories agree as follows:

ARTICLE ONE

FUNCTIONS OF KPCO AND AGENT

- 1.1 KPCo shall operate and maintain the Mitchell Plant in accordance with good utility practice consistent with procedures employed by KPCo at its other generating stations, and in conformity with the terms and conditions of this Agreement.
- 1.2 KPCo shall keep all necessary books of record, books of account and memoranda of all transactions involving the Mitchell Plant, and shall make computations and allocations on behalf of the Owners, as required under this Agreement. The books of

record, books of account and memoranda shall be kept in such manner as to conform, where so required, to the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission ("FERC") for Public Utilities and Licensees ("Uniform System of Accounts"), and to the rules and regulations of other regulatory bodies having jurisdiction as they may from time to time be in effect.

- 1.3 The Owners shall establish such bank accounts as may from time to time be required or appropriate.
- 1.4 As soon as practicable after the end of the month, KPCo shall furnish to WPCo a statement setting forth the dollar amounts associated with the operation and maintenance of the Mitchell Plant as allocated hereunder to KPCo and WPCo for such month. The Owners shall, on a timely basis, deposit sufficient dollar amounts in the appropriate bank accounts to cover their respective allocations of such costs.
- 1.5 KPCo shall be responsible for the day to day operation and maintenance of the Mitchell Plant. KPCo shall obtain such materials, labor and other services as it considers necessary in connection with the performance of the functions to be performed by it hereunder from such sources or through such persons as it may designate.
- 1.6 Agent, as directed by the Operating Committee and consistent with Agent's service agreements with KPCo and WPCo, shall provide services necessary for the safe and efficient operation and maintenance of the Mitchell Plant.

ARTICLE TWO

APPORTIONMENT OF CAPACITY AND ENERGY

- 2.1 The Total Net Capability of the Mitchell Plant at the Mitchell Unit 1 and Unit 2 low-voltage busses, after taking into account auxiliary load demand, is 1,560,000 kilowatts. The Owners may from time to time modify the Total Net Capability of the Mitchell Plant as they may mutually agree.
- 2.2 The Total Net Generation of the Mitchell Plant during a given period, as determined by the requirements of KPCo and WPCo, shall mean the electrical output of the Mitchell Plant generators during such period, measured in kilowatt hours by suitable instruments, reduced by the energy used by auxiliaries for the Mitchell Unit 1 and Unit 2 during such period.
- 2.3 Except as set forth in Section 7.6 (including Section 7.6 Subsections), in any hour, KPCo and WPCo shall share the minimum load responsibility of Mitchell Unit 1 and Unit 2 in respective amounts proportionate to their ownership interests in the Mitchell Plant at such time. Each Owner may independently dispatch its share of the generating capacity between minimum and full load.
- 2.4 In any hour during which the Mitchell Units are out of service, the energy used by the out-of-service Units' auxiliaries during such hour shall be provided by KPCo and WPCo in respective amounts proportionate to their ownership interests in the Mitchell Plant at such time.

ARTICLE THREE

REPLACEMENTS, ADDITIONS, AND RETIREMENTS

- 3.1 KPCo shall from time to time make or cause to be made any additions to, replacements of, and retirements of, capitalizable facilities associated with the Mitchell Plant in accordance with the approved annual budget.
- 3.2 The dollar amounts associated with any additions to, replacements of, or retirements of, capitalizable facilities associated with the Mitchell Plant shall be allocated to KPCo and WPCo in respective amounts proportionate to their ownership interests in the Mitchell Plant at the time such additions, replacements, or retirements are made.

ARTICLE FOUR

WORKING CAPITAL REQUIREMENTS

- 4.1 KPCo and WPCo shall periodically mutually determine the amount of funds required for use as working capital in meeting payrolls and other expenses incurred in the operation and maintenance of the Mitchell Plant, and in buying materials and supplies (exclusive of fuel) for the Mitchell Plant.
- 4.2 KPCo and WPCo shall from time to time provide their share of working capital requirements in respective amounts proportionate to their ownership interests at such time in the Mitchell Plant.

ARTICLE FIVE

INVESTMENT IN FUEL

- 5.1 KPCo and Agent shall establish and maintain reserves of coal in stock piles for the Mitchell Plant of such quality and in such quantities as the Operating Committee shall determine to be required to provide adequate fuel reserves against interruptions of normal fuel supply, provided each Owner, subject to the approval of the Operating Committee and subject to no adverse impact on the operation of the Mitchell Plant, will have the right, but not the obligation, to directly purchase coal, transportation and consumables for its ownership interest. For the purposes of this Agreement, "consumables" shall be as defined in FERC account 502.
- 5.2 Except as provided in Section 5.1 for an Owner to elect to procure coal for its own interest, the Owners shall make such monthly investments in the common coal stock piles associated with the Mitchell Plant as are necessary to maintain the number of tons in such coal stock piles, after taking into account the coal consumption from the common coal stock piles by Mitchell Unit 1 and Unit 2 during such month.
- 5.3 At any time, KPCo's and WPCo's respective shares of the investment in the common coal stock piles shall be proportionate to their ownership interests in the Mitchell Plant, unless an Owner elects to procure its own coal as provided in Section 5.1, in which case inventories will be separately maintained for accounting purposes.
- 5.4 Fuel oil and consumables charged to operation for the Mitchell Plant shall be owned and accounted for between the Owners in the same manner as coal.

ARTICLE SIX

APPORTIONMENT OF STATION COSTS

6.1 Except in the case where an Owner has elected to purchase coal for its own interest as provided for in Section 5.1 (in which case the allocation to the Owners of fuel expense shall be in accordance with procedures and processes approved by the Operating Committee), the allocation to the Owners of fuel expense associated with Mitchell Unit 1 and Unit 2 shall be determined by KPCo and Agent as follows:

- (a) In any calendar month, the average unit cost of coal available for consumption from the Mitchell Plant common coal stock piles shall be determined based on the prior month's ending inventory dollar and ton balances plus current month receipts delivered to the Mitchell Plant common coal stock piles. Each Owner's average unit cost will be the same, and receipts and inventory available for consumption amounts will be allocated to each Owner based on monthly usage.
- (b) The number of tons of coal consumed by the Mitchell Plant in each calendar month from the Mitchell Plant common coal stock piles shall be determined and shall be converted into a dollar amount equal to the product of (i) the average cost per ton of coal associated with the Mitchell Plant in the Mitchell Plant common coal stock pile at the close of such month, and (ii) the number of tons of coal consumed by the Mitchell Plant from the Mitchell Plant common coal stock piles during such month. Such dollar amount shall be credited to the

Mitchell Plant fuel in stock pile and charged to Mitchell Plant fuel consumed.

(c) In each calendar month, KPCo's and WPCo's respective shares of the Mitchell Plant fuel consumed expense as determined by the provisions of Section 6.1(b) shall be proportionate to each Owner's dispatch of the Mitchell Plant in such month.

(d) Fuel oil reserves will be owned and accounted for in the same manner as coal stock piles, and fuel oil consumed will be allocated to the Owners in the same manner as coal consumed.

6.2 For purposes of this Agreement, KPCo's Assigned Capacity in the Mitchell Plant shall be equal to 50% of the Total Net Capability, and WPCo's Assigned Capacity shall be equal to 50% of the Total Net Capability.

6.3 For each calendar month, KPCo and Agent will, to the extent practicable, determine all Mitchell Plant operations expenses and associated overheads, as accounted for under the FERC Uniform System of Accounts.

6.4 For each calendar month, KPCo and Agent will, to the extent practicable, determine all Mitchell Plant maintenance expenses and associated overheads, as accounted for under the FERC Uniform System of Accounts.

6.5 In each calendar month, KPCo's and WPCo's respective shares of operations and maintenance expenses associated with the Mitchell Plant, as determined in accordance with Sections 6.3 and 6.4, shall be allocated as follows:

(a) In each calendar month, KPCo's and WPCo's respective shares of the Mitchell Plant steam expenses as recorded in FERC Account 502, and emission tons, with

allowance expenses as recorded in FERC Account 509, shall be proportionate to each Owner's dispatch of the Mitchell Plant in such month.

- (b) In each calendar month, the maintenance of boiler plant expenses as recorded in FERC Account 512, and maintenance of electric plant expenses as recorded in FERC Account 513, shall be directly assigned to Mitchell Unit 1 or Unit 2 or designated as a common expense attributable to both units. In each calendar month, KPCo's and WPCo's respective shares of these expenses shall be proportionate to each Owner's dispatch of the applicable unit, or both units in the case of common expenses, over the previous sixty (60) calendar months. Dispatch is assumed to have been allocated fifty percent (50%) to each Owner for months that are prior to this Agreement.

- (c) In each calendar month, KPCo's and WPCo's respective shares of all other operations, maintenance, administrative and general expenses shall be proportionate to their respective ownership interests.

- 6.6 Each Owner shall bear the cost of all taxes attributable to its respective ownership interest in the Mitchell Plant.

ARTICLE SEVEN

OPERATING COMMITTEE AND OPERATIONS

- 7.1 By written notice to each other, the Owners and Agent each shall name one representative ("Operating Representative") and one alternate to act for it in matters pertaining to operating arrangements under this Agreement. Any Party may change its Operating Representative or alternate at any time by written notice to the other

Parties. The Operating Representatives for the respective Parties, or their alternates, shall comprise the Operating Committee. All decisions, directives, or other actions by the Operating Committee must be by unanimous agreement of the Operating Representatives of the Owners. The Operating Representative of Agent, or of any third party that provides services in replacement of Agent, shall be free to express the views of Agent or such third party on any matter, but shall not have a vote on the Operating Committee. Except as otherwise provided in Sections 11.1, 11.2 and 11.3 with respect to a dispute referred to the Operating Committee by an Owner, the failure of the Owners' respective Operating Representatives to unanimously agree with respect to a matter pending before the Operating Committee shall not be considered to be a dispute that would be subject to resolution under Article Eleven.

7.2 The Operating Committee shall have the following responsibilities:

- (a) Review and approval of an annual budget and annual operating plan, including determination of the emission allowances required to be acquired by KPCo and WPCo. If the Operating Committee fails to approve an annual budget, the approved annual budget from the previous year will continue to apply until such time as the new annual budget is approved.
- (b) Establishment and review of procedures and systems for dispatch, notification of dispatch, and unit commitment under this Agreement, including any commitment of Called Capacity pursuant to Section 7.6.2.

- (c) Establishment and monitoring of procedures for communication and coordination with respect to the Mitchell Plant capacity availability, fuel-firing options, and scheduling of outages for maintenance, repairs, equipment replacements, scheduled inspections, and other foreseeable cause of outages, as well as the return to availability following an unplanned outage.
- (d) Decisions on capital expenditures, including unit upgrades and re-powering.
- (e) Determinations as to changes in the unit capability and decisions on unit retirement.
- (f) Establishment and modification of billing procedures under this Agreement.
- (g) Approval of material contracts for fuel, transportation or consumable supply. Establishment of specification of fuels, oversight of fuel inspection and certification procedures, management of fuel inventories, and allocation of rights under fuel supply, transportation and consumable contracts. Establishment of an Owner's procurement rights and procedures if the Owner elects to purchase coal, transportation or consumables for its own interest.
- (h) Establishment of, termination of, and approval of any change or amendment to the operating arrangements between KPCo and Agent or any replacement third party with respect to the Mitchell Plant generating units; provided, however, that Agent or any replacement

third party shall participate in discussions pursuant to this subsection 7.2(h) only if and to the extent requested to do so by both Owners.

- (i) Review and approval of plans and procedures designed to ensure compliance with any environmental law, regulation, ordinance or permit, including procedures for allocating and using emission allowances or for any programs that permit averaging at more than one unit for compliance.
- (j) Other duties as assigned by agreement of the Owners.

7.3 The Operating Committee shall meet at least annually, and at such other times as any Party may reasonably request.

7.4 The Parties shall cooperate in providing to the Operating Committee the information it reasonably needs to carry out its duties, and to supplement or correct such information on a timely basis.

7.5 The Owners will each make an initial unit commitment one business day ahead of real-time dispatch.

7.6 Application of this Section 7.6 (including subsections) is subject to (i) the receipt of any necessary regulatory approvals or waivers expressly granted for this Section 7.6; and (ii) the Operating Committee establishing and approving procedures and systems for dispatch. As used in this Section and subsections of this Section, the terms "Party" or "Parties" refers only to KPCo and WPCo, or both of them, as the case may be.

- 7.6.1 If Mitchell Unit 1 or Unit 2 is designated to be committed by both Parties, such unit will be brought on line or kept on line. If neither Party designates Mitchell Unit 1 or Unit 2 to be committed, such unit will remain off line or be taken offline.
- 7.6.2 When a Mitchell Unit is designated to be committed by one Party, but designated not to be committed by the other Party, the unit will be brought on line or kept on line if the Party designating the unit for commitment undertakes to pay any applicable start-up costs for the unit, as well as any applicable minimum running costs for the unit thereafter, in which event the unit shall be brought on line or kept on line, as the case may be. The Party so designating the unit to be committed shall have the right to schedule and dispatch up to all of the Available Capacity of the unit. Available Capacity means that portion of the Owners' aggregate Assigned Capacity that is currently capable of being dispatched. The Party exercising this right shall be referred to as the "Calling Party," and the capacity called by that Party in excess of its Assigned Capacity Percentage of the Available Capacity of that unit shall be referred to as its "Called Capacity." The other Party shall be referred to as the "Non-Calling Party". The Calling Party shall provide reasonable notice to the Non-Calling Party of its call, including any start-up or shut-down time for the Unit. For purposes of this Agreement, KPCo's Assigned Capacity Percentage shall be 50%, and WPCo's Assigned Capacity Percentage shall be 50%.
- 7.6.3 The Non-Calling Party can reclaim any Called Capacity attributable to its Assigned Capacity share by giving the Calling Party notice equal to the normal cold start-up time for the unit. At the end of the notice period, the Non-Calling Party shall have the right to schedule and dispatch the recalled capacity. At that point, the Non-

Calling Party shall resume its responsibility for its share of any applicable start-up costs for the unit and prospectively shall bear its responsibility for the costs associated with its Assigned Capacity from the unit.

7.6.4 If any capacity remains available but is not dispatched from a Party's Available Capacity committed as a result of the initial unit commitment, the other Party may only schedule and dispatch such capacity pursuant to agreement with the non-dispatching Party.

7.7 KPCo and WPCo shall be individually responsible for any fees charged by FERC on the basis of the sales or transmission by each of capacity or energy at wholesale in interstate commerce.

7.8 Emission Allowances. On the Transfer Date pursuant to the ACA, AEPGR, the previous owner of WPCo's interest in the Mitchell Plant, will assign to WPCo all Emission Allowances allocated to AEPGR for the Mitchell Plant for each vintage year after 2014, issued by the U.S. Environmental Protection Agency ("USEPA") pursuant to Title IV of the Clean Air Act Amendments of 1990 and any regulations thereunder, and any other emission allowance trading program created under the Clean Air Act and administered by USEPA or the State of West Virginia, including but not limited to the Clean Air Interstate Rule 40 CFR Parts 96 and 97, and any amendments thereto ("Emission Allowances"), and all Emission Allowances for 2014 and any vintage year prior to 2014 that were allocated to the Mitchell Plant and that have not been expended as of the date of assignment. To the extent that additional Emission Allowances are required for operation of the Mitchell Plant, KPCo and WPCo will each be responsible for acquiring sufficient Emission

Allowances to satisfy the Emission Allowances required because of its dispatch of energy from the Mitchell Plant, and the Emission Allowances required to satisfy the Emission Allowance surrender obligations attributable to the Mitchell Plant imposed under the Consent Decree between USEPA and Ohio Power Company entered on December 10, 2007, in Civil Action No. C2-99-1182 and consolidated cases by the U.S. District Court in the Southern District of Ohio. On or before January 10 of each year, Agent shall determine and notify KPCo and WPCo of the number of additional annual Emission Allowances consumed by each of them through December 31 of the previous year, and KPCo and WPCo shall each transfer into the Mitchell Plant U.S. EPA Allowance Transfer System account that number of Emission Allowances with a small compliance margin by January 31 of that year. For seasonal Emission Allowance programs, Agent shall determine and notify KPCo and WPCo of the number of additional seasonal Emission Allowances consumed by each of them during the applicable compliance period by the 10th day of the first month following the end of the compliance period, and KPCo and WPCo shall each transfer into the appropriate Mitchell Plant U.S. EPA Allowance Transfer System Account that number of Emission Allowances with a small compliance margin by the last day of the first month following the end of the compliance period. In the event that KPCo or WPCo fails to surrender the required number of Emission Allowances by January 31 or the last day of the first month following any seasonal compliance period, Agent shall purchase the required number of Emission Allowances, and KPCo or WPCo, as the case may be, shall reimburse Agent for such purchases, with interest at the Federal Funds Rate (as published by the Board of

Governors of the Federal Reserve System as from time to time in effect) running from the date of such purchases to the date of payment. The Operating Committee will develop procedures to be implemented after the end of each calendar year to account for the Emission Allowances required by the use of the Mitchell Plant by KPCo and WPCo and to correct any imbalance between Emission Allowances supplied and Emission Allowances used through the end of the preceding year by settlement or payment.

- 7.9 Capital repairs and improvements to the Mitchell Plant will be determined by the Operating Committee pursuant to the annual budgeting process set forth in Section 7.10. Expenditures that the Operating Committee determines have been or will be incurred exclusively for one Owner shall be assigned exclusively to that Owner.
- 7.10 At least 90 days before the start of each operating year, KPCo and Agent shall submit to the Operating Committee a proposed annual budget with respect to the Mitchell Plant, a proposed annual operating plan, and an estimate and schedule of costs to be incurred for major maintenance or replacement items during the next six-year period. The annual budget shall be presented on a month-by-month basis for each month during the next operating year, and shall include an operating budget, a capital budget, an estimate of the cost of any major repairs that are anticipated will occur during such operating year with respect to the Mitchell Plant, and an itemized estimate of all projected non-fuel variable operating expenses relating to the operation of the Mitchell Plant during that operating year. The members of the Operating Committee will meet and work in good faith to agree upon the final annual budget and final annual operating plan. Once approved, the annual budget

and annual operating plan shall remain in effect throughout the applicable operating year, subject to such changes, revisions, amendments, and updating as the Operating Committee may determine.

ARTICLE EIGHT

EFFECTIVE DATE AND TERM

- 8.1 Subject to FERC approval or acceptance for filing, the Effective Date of this Agreement shall be December 31, 2014.
- 8.2 Subject to FERC approval or acceptance, if necessary, this Agreement shall remain in force until such time as (i) KPCo or WPCo has divested itself of all or any portion of its ownership interest in the Mitchell Plant, other than assignment or other transfer of such ownership interests to another AEP affiliate; or (ii) either KPCo or WPCo is no longer a direct or indirect wholly owned subsidiary of AEP; or (iii) KPCo and WPCo may mutually agree to terminate this Agreement.

ARTICLE NINE

GENERAL

- 9.1 This Agreement shall inure to the benefit of and be binding upon the signatories hereto and their respective successors and assigns, but this Agreement may not be assigned by any signatory without the written consent of the others, which consent shall not be unreasonably withheld.
- 9.2 This Agreement is subject to the regulatory authority of any State or Federal agency having jurisdiction.
- 9.3 The interpretation and performance of this Agreement shall be in accordance with the laws of the State of Ohio, excluding conflict of laws principles that would require the application of the laws of a different jurisdiction.
- 9.4 This Agreement supersedes all previous representations, understandings, negotiations, and agreements, either written or oral between the signatories or their representatives with respect to operation of the Mitchell Plant, and constitutes the entire agreement of the signatories with respect to the operation of the Plant. Notwithstanding the foregoing, this Agreement does not supersede any previous agreements among any of the signatories allocating or transferring rights to capacity and associated energy, or ownership, of the Mitchell Plant.
- 9.5 Each Party shall designate in writing a representative to receive any and all notices required under this Agreement. Notices shall be in writing and shall be given to the representative designated to receive them, either by personal delivery, certified mail, facsimile, e-mail or any similar means, properly addressed to such representative at the address specified below:

KENTUCKY POWER COMPANY

Gregory G. Pauley

President & COO

Attn: _____

Phone: (502) 696-7007

Facsimile: (502) 696-7006

Email: ggpauley@aep.com

WHEELING POWER COMPANY

Charles R. Patton

President

Attn: _____

Phone: (304) 348-4152

Facsimile: (304) 348-4198

Email: crpatton@aep.com

AMERICAN ELECTRIC POWER SERVICE
CORPORATION

Mark C. McCullough

Executive Vice President – Generation

Attn: _____

Phone: (614) 716-2400

Facsimile: (614) 716-1331

Email: mcmccullough@aep.com

All notices shall be effective upon receipt, or upon such later date following receipt as set forth in the notice. Any Party may, by written notice to the other Parties, change the representative or the address to which such notices are to be sent.

ARTICLE TEN

LIMITATION OF LIABILITY

- 10.1 Notwithstanding anything in this Agreement to the contrary, neither of the Owners or Agent shall be liable under this Agreement for special, consequential, indirect, punitive or exemplary damages, or for lost profits or business interruption damages, whether arising by statute, in tort or contract or otherwise.

ARTICLE ELEVEN

DISPUTE RESOLUTION

- 11.1 If either Owner believes that a dispute has arisen as to the meaning or application of this Agreement, it shall present that matter to the Operating Committee in writing, and shall provide a copy of that writing to the other Owner.
- 11.2 If the Operating Committee is unable to reach agreement on a dispute submitted to the Operating Committee pursuant to Section 11.1 within thirty (30) days after the dispute is presented to it, the matter shall be referred to the chief operating officers of the Owners for resolution in the manner that such individuals shall agree is appropriate; provided, however, that either Owner involved in the dispute may invoke the arbitration provisions set forth in Section 11.3 at any time after the end of the thirty (30) day period provided for the Operating Committee to reach agreement if the Operating Committee has not reached agreement.
- 11.3 If the Owners are unable to resolve a dispute through the Operating Committee within thirty (30) days after the dispute is presented to the Operating Committee pursuant to Section 11.1, or through reference of the matter to the chief operating

officers of the Owners pursuant to Section 11.2, either Owner may commence arbitration proceedings by providing written notice to the other Owner, detailing the nature of the dispute, designating the issue(s) to be arbitrated, identifying the provisions of this Agreement under which the dispute arose, and setting forth such Owner's proposed resolution of such dispute.

11.3.1 Within ten (10) days of the date of the notice of arbitration, a representative of each Owner shall meet for the purpose of selecting an arbitrator. If the Owners' representatives are unable to agree on an arbitrator within fifteen (15) days of the date of the notice of arbitration, then an arbitrator shall be selected in accordance with the procedures of the American Arbitration Association ("AAA"). Whether the arbitrator is selected by the Owners' representatives or in accordance with the procedures of the AAA, the arbitrator shall have the qualifications and experience in the occupation, profession, or discipline relevant to the subject matter of the dispute.

11.3.2 Any arbitration proceeding shall be subject to the Federal Arbitration Act, 9 U.S.C. §§ 1 *et seq.* (1994), as it may be amended, or any successor enactment thereto, and shall be conducted in accordance with the commercial arbitration rules of the AAA in effect on the date of the notice to the extent not inconsistent with the provisions of this Article.

11.3.3 The arbitrator shall be bound by the provisions of this Agreement where applicable, and shall have no authority to modify any terms and conditions of this Agreement in any manner. The arbitrator shall render a decision resolving the dispute in an equitable manner, and may determine that monetary damages are due to an Owner or may issue a directive that an Owner take certain actions or refrain from taking

certain actions, but shall not be authorized to order any other form of relief; provided, however, that nothing in this Article shall preclude the arbitrator from rendering a decision that adopts the resolution of the dispute proposed by an Owner. Unless otherwise agreed to by the Owners, the arbitrator shall render a decision within one hundred twenty (120) days of appointment, and shall notify the Owners in writing of such decision and the reasons supporting such decision. The decision of the arbitrator shall be final and binding upon the Owners, and any award may be enforced in any court of competent jurisdiction.

- 11.3.4 The fees and expenses of the arbitrator shall be shared equally by the Owners, unless the arbitrator specifies a different allocation. All other expenses and costs of the arbitration proceeding shall be the responsibility of the Owner incurring such expenses and costs.
- 11.3.5 Unless otherwise agreed by the Owners, any arbitration proceedings shall be conducted in Columbus, Ohio.
- 11.3.6 Except as provided in this Article, the existence, contents, or results of any arbitration proceeding under this Article may not be disclosed without the prior written consent of the Owners, provided, however, that either Owner may make disclosures as may be required to fulfill regulatory obligations to any agencies having jurisdiction, and may inform its lenders, affiliates, auditors, and insurers, as necessary, under pledge of confidentiality, and may consult with expert consultants as required in connection with an arbitration proceeding under pledge of confidentiality.

11.3.7 Nothing in this Agreement shall be construed to preclude either Owner from filing a petition or complaint with FERC with respect to any claim over which FERC has jurisdiction. In such case, the other Owner may request that FERC reject the petition or complaint or otherwise decline to exercise its jurisdiction. If FERC declines to act with respect to all or part of a claim, the portion of the claim not so accepted by FERC may be resolved through arbitration, as provided in this Article. To the extent that FERC asserts or accepts jurisdiction over all or part of a claim, the decisions, findings of fact, or orders of FERC shall be final and binding, subject to judicial review under the Federal Power Act, 16 U.S.C. § 791a *et seq.*, as amended from time to time, and any arbitration proceedings that may have commenced prior to the assertion or acceptance of jurisdiction by FERC shall be stayed, pending the outcome of the FERC proceedings. The arbitrator shall have no authority to modify, and shall be conclusively bound by, any decisions, findings of fact, or orders of FERC; provided, however, that to the extent that any decisions, findings of fact, or orders of FERC do not provide a final or complete remedy to an Owner seeking relief, such Owner may proceed to arbitration under this Article to secure such a remedy, subject to any FERC decisions, findings, or orders.

11.4 The procedures set forth in this Article shall be the exclusive means for resolving disputes arising under this Agreement and shall survive this Agreement to the extent necessary to resolve any disputes pertaining to this Agreement. Except as provided in Sections 11.3 and 11.3.7, neither Owner shall have the right to bring any dispute for resolution before a court, agency, or other entity having jurisdiction over this Agreement, unless both Owners agree in writing to such procedure.

11.5 To the extent that a dispute involves the actions, inactions or responsibilities of Agent under this Agreement, the provisions of this Article shall be applicable to such dispute. For such purposes, Agent shall be treated as an Owner in applying the provisions of this Article.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their officers thereunto duly authorized as of the date first above written.

KENTUCKY POWER COMPANY

By: 
Gregory G. Pauley

Title: President & COO

WHEELING POWER COMPANY

By: _____
Charles R. Patton

Title: President

AMERICAN ELECTRIC POWER SERVICE
CORPORATION

By: _____
Mark C. McCullough

Title: Executive Vice President - Generation

11.5 To the extent that a dispute involves the actions, inactions or responsibilities of Agent under this Agreement, the provisions of this Article shall be applicable to such dispute. For such purposes, Agent shall be treated as an Owner in applying the provisions of this Article.

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KENTUCKY POWER COMPANY

By: _____
Gregory G. Pauley

Title: President & COO

WHEELING POWER COMPANY

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Charles R. Patton

Title: President

AMERICAN ELECTRIC POWER SERVICE
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Mark C. McCullough

Title: Executive Vice President - Generation

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KENTUCKY POWER COMPANY

By: _____
Gregory G. Pauley

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By: _____
Charles R. Patton

Title: President

AMERICAN ELECTRIC POWER SERVICE CORPORATION

By:  _____
Mark C. McCullough

Title: Executive Vice President - Generation

**WRITTEN CONSENT ACTION
OF THE MITCHELL OPERATING COMMITTEE**

September 1, 2022

The undersigned, being all of the Owners' Operating Representatives of the Operating Committee (the "Committee") of the Mitchell Plant Operating Agreement (the "Agreement"), do hereby consent to the adoption of the following resolutions, which resolutions shall be deemed to be adopted as of the date hereof ("Effective Date") and to have the same force and effect as if such resolutions had been adopted at a meeting duly called therefor:

1. Waiver of Notice.

RESOLVED, that any and all notice to take any action in adopting the following resolutions be, and it hereby is, waived by the undersigned.

2. Approval of Resolutions To Implement the Agreement

WHEREAS, Wheeling Power Company ("Wheeling Power") and Kentucky Power Company ("Kentucky Power") recognize that the Public Service Commission of West Virginia ("WVPSC") and the Kentucky Public Service Commission ("KPSC") approved different investments in response to federal environmental rules at the Mitchell Plant and different approaches to operating and owning the Mitchell Plant after December 31, 2028;

WHEREAS, the WVPSC in its orders authorized Wheeling Power to make any improvements or upgrades to the Mitchell Plant to enable compliance with the Effluent Limitations Guidelines ("ELG Rule"), and agreed exclusively to fund all of the capital expenditures associated with implementation of the ELG Rule ("ELG Upgrades"), and to make other necessary improvements or upgrades to the Mitchell Plant, to preserve the option to operate the plant past 2028;

WHEREAS, the KPSC in its orders authorized Kentucky Power to make only the improvements and upgrades to the Mitchell Plant to enable compliance with the Coal Combustion Residuals Rule ("CCR Rule"), and agreed to fund only its ownership share of the capital expenditures associated with the CCR Rule ("CCR Upgrades"), but not the ELG Rule, and acknowledged that because the ELG Upgrades are needed to operate the Mitchell Plant after 2028, approving the CCR and not the ELG Upgrades results in Kentucky Power being permitted only to operate the Mitchell Plant until the end of 2028;

WHEREAS, on November 19, 2021, each Owner filed with its Commission a proposed Mitchell Plant Operations and Maintenance Agreement and a proposed Mitchell Plant Ownership Agreement ("Proposed Mitchell Agreements") to replace the Agreement to facilitate compliance with the KPSC's and WVPSC's respective orders regarding compliance with the CCR and ELG Rules at the Mitchell Plant;

WHEREAS, the Committee believed that replacement of the Agreement with the New Mitchell Agreements at the soonest practical date was advisable and in the best interests of

Kentucky Power Company, Wheeling Power Company, and their respective customers;

WHEREAS, the KPSC and WVPSC issued orders adopting versions of the Mitchell Agreements on May 3, 2022 and July 1, 2022, respectively, that differ in material respects, such that the Owners are unable to enter into new agreements at the current time;

WHEREAS, the Agreement remains in full force and effect in accordance with its terms pending future negotiation of longer term arrangements by the Owners that replace the Agreement, subject to state and other applicable regulatory approvals;

WHEREAS, in light of the foregoing developments, the Operating Committee believes it is now in the best interests of the Mitchell Plant and their respective customers to continue operating under the Agreement in the short term to accomplish the operational objectives necessitated by the KPSC and WVPSC in their orders and prevent any delays in constructing the ELG Upgrades, which could have a negative effect on future plant outages and unit availability;

WHEREAS, the Committee must establish certain operating principles pursuant to its authority under the Agreement to appoint Wheeling Power as the operator of the Mitchell Plant, to enable the ELG Upgrades to be performed by Wheeling Power, and to adopt the procedures necessary to properly allocate costs between the two Owners such that Wheeling Power will pay for all of the costs of the ELG Upgrades, in accordance with the authority of the Committee under the Agreement;

WHEREAS, the Committee must also appropriately allocate costs between the two Owners such that Wheeling Power will pay for the cost of capital investments to the extent they have a depreciable life after December 31, 2028;

WHEREAS, the Committee is vested with certain enumerated rights and duties under the Agreement, as well as other duties as agreed by the Owners (Section 7.2(j));

WHEREAS, the rights and responsibilities of the Committee include, but are not limited to, (1) review and approval of an annual budget and operating plan (Section 7.2(a)); (2) decisions on capital expenditures (Section 7.2(d)); establishment and modification of billing procedures (Section 7.2(f)); (3) establishment of, termination of, and approval of any change or amendment to the operating arrangements between Kentucky Power and Agent pertaining to the Mitchell Plant (Section 7.2(h)); and (4) review and approval of plans and procedures designed to ensure compliance with any environmental law, regulation ordinance or permit (Section 7.2(i));

WHEREAS, pursuant to Section 7.9 of the Agreement, capital repairs and improvements to the Mitchell Plant will be determined by the Committee pursuant to the annual budgeting process which shall, pursuant to Section 7.10 of the Agreement, remain in effect throughout the applicable operating year subject to such changes, revisions, amendments and updating as the Committee may determine; and

WHEREAS, further pursuant to Section 7.9, the expenditures that the Committee determines have been or will be incurred exclusively for one Owner shall be assigned exclusively

to that owner, and, pursuant to Section 7.2(d), decisions on capital expenditures are among the responsibilities of the Committee.

NOW, THEREFORE, BE IT RESOLVED, that Kentucky Power's rights and obligations to operate and maintain the Mitchell Plant are delegated to Wheeling Power, and Wheeling Power accepts and consents to such delegation, effective as of the Effective Date, including, but not limited to, Kentucky Power's rights and obligations under Sections 1.1 (Appointment of Operator), 1.2 (Maintenance of Books and Records), 1.4 (Monthly Statements), 1.5 (Daily Operations), 3.1 (Capital Work), 5.1 (Coal Procurement), 6.3 (Accounting - Operating Expenses), 6.4 (Accounting – Maintenance Expenses), and 7.10 (Budgeting) of the Agreement, including the following which shall occur on or after the Effective Date:

- a. Kentucky Power's employees who work at the Mitchell Plant shall become employees of Wheeling Power;
- b. All open and active contracts on the Effective Date for the purchase of fuel, transportation, goods and services for the operation, maintenance and improvement of the Mitchell Plant and all collective bargaining agreements for labor at Mitchell Plant shall be assigned by Kentucky Power to Wheeling Power and assumed by Wheeling Power;
- c. All leased property used in support of the Mitchell Plant, including but not limited to vehicles and computer equipment, shall be transferred on the books of the lessor from the leased assets account of Kentucky Power to the leased assets account of Wheeling Power; and
- d. Ownership or other beneficial interest of the tugboat used at Mitchell Plant shall be transferred to Wheeling Power.

RESOLVED, that Wheeling Power will have the power and obligation as the operator of the Mitchell Plant to enter into and hold permits in its name on behalf of both Owners or on its own behalf, as the circumstances require, including the ELG permits, and all existing permits not held by Wheeling Power will be transferred to it in an orderly manner.

RESOLVED, that pursuant to Sections 7.2(d) and 7.9 of the Agreement, the Owners jointly recognize Wheeling Power's right to carry out and pay for the ELG Upgrades under the Agreement and approve the following procedures to facilitate that work consistent with the orders of the WVPSC and KPSC, and to protect Kentucky ratepayers from the associated costs and risks:

- a. The permits related to the ELG Upgrades at the Mitchell Plant will be transferred to Wheeling Power to the extent not held by Wheeling Power, and all prior action taken by the Owners in furtherance of the foregoing is ratified and approved;
- b. All construction and other contracts related to the ELG Upgrades will be in the name of Wheeling Power such that Wheeling Power (and not Kentucky Power) is contractually responsible for those contracts;

- c. The appropriate work orders and supporting accounting will be implemented to assign to Wheeling Power all costs associated with the ELG Upgrades;
- d. The appropriate work orders and supporting accounting will be implemented to assign to Wheeling Power and Kentucky Power equally all costs associated with the CCR Upgrades;
- e. The expenditures associated with the CCR Upgrades, in which the Owners share equally, and the ELG Upgrades, which will be the exclusive responsibility of Wheeling Power, will be classified in accordance with the recommendations of the independent engineer's report identifying the ELG Upgrades and CCR Upgrades and their associated costs, as previously adopted by this Committee.

RESOLVED, that to further implement and clarify Sections 3.2 and 7.9 of the Agreement, the Owners approve the following procedures related to capital items which have a depreciable life extending beyond, or with an in-service date not occurring until after, December 31, 2028:

- a. Wheeling Power will exclusively pay for any capital item whose in-service date is reasonably expected to be after December 31, 2028;
- b. Wheeling Power's Operating Representative may unilaterally authorize any capital expenditure that will be assigned exclusively to Wheeling Power, including the ELG Upgrades;
- c. if a capital expenditure has a depreciable life that extends beyond December 31, 2028, Kentucky Power's responsibility for the cost of that item will be limited to its 50% ownership share of the cost of the asset ratably allocated to the portion of such depreciable life occurring prior to December 31, 2028, and Wheeling Power will be responsible for the remainder;
- d. any other capital expenditures shall be allocated 50% to (and paid for by) each Owner, subject to the written approval of the Operating Committee;
- e. to the extent either Owner funds any capital item in excess of 50%, that capital item will be owned by the Owners in proportion to their investment in that asset for regulatory, tax and other purposes; and
- f. an Owner's Operating Representative may unilaterally authorize any capital expenditure for which such Owner shall be allocated greater than 75% of the capital costs, up to an aggregate amount of such capital costs that does not exceed \$3 million per year allocated to the other Owner.

IN WITNESS WHEREOF, the undersigned have signed this written consent action effective as of the Effective Date.

OPERATING REPRESENTATIVES:

DocuSigned by:

Deryle Brett Mattison

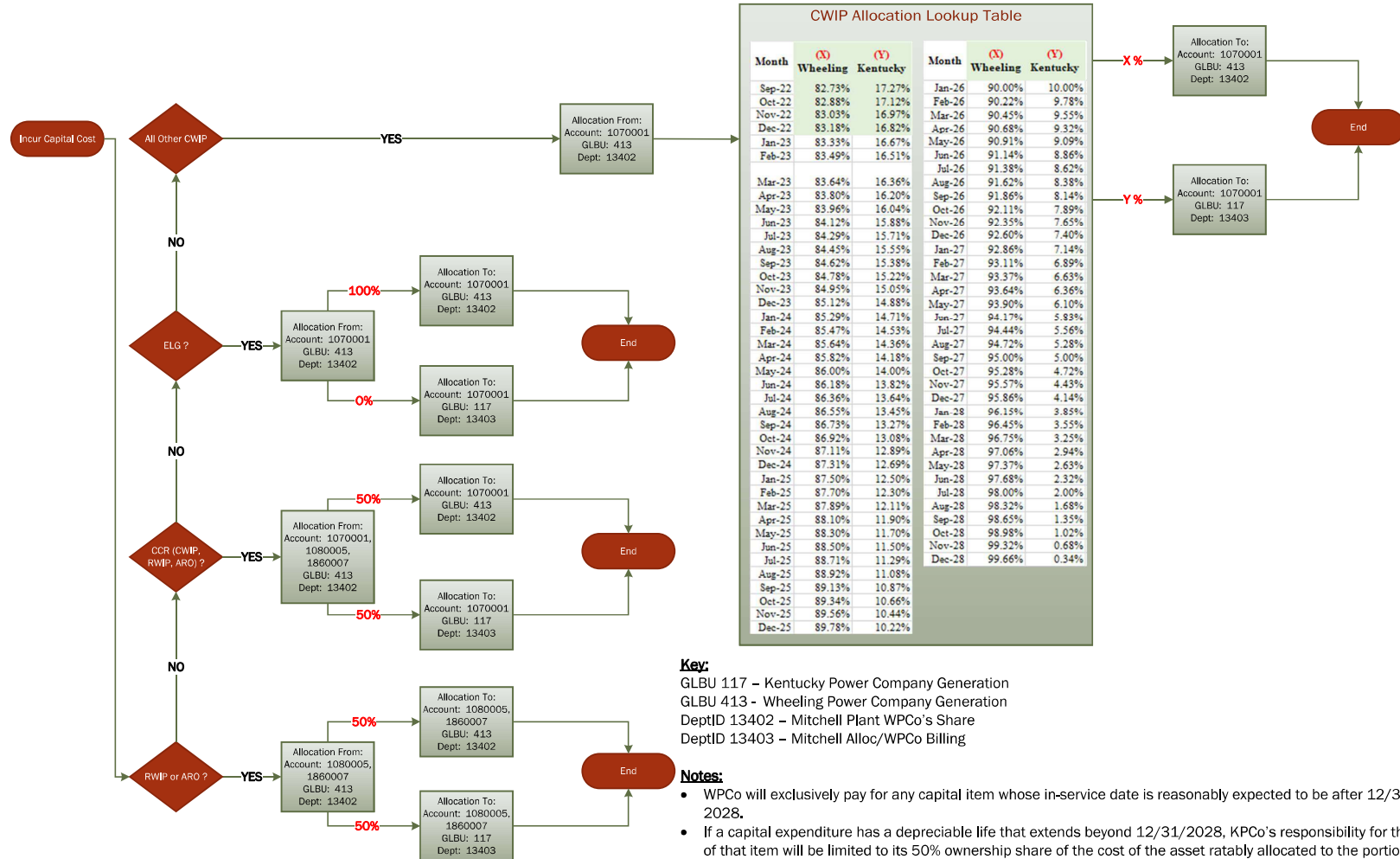
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D. Brett Mattison

DocuSigned by:

Christian T. Beam

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Christian T. Beam

Mitchell Plant Capital Allocation



West Virginia Coal Plants

[Note: ELG Landfill Leachate and Legacy CCR requirements will apply regardless of whether plants remain in service.]

Notes

1. On June 17, 2025, EPA proposed to repeal both the 2024 GHG and MATS rules.
2. EPA is also actively reviewing the 2024 ELG rule which could result in changes to the requirements.

