COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY POWER COMPANY FOR 1) A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT A MECHANICAL DRAFT COOLING TOWER AT THE MITCHELL PLANT 2) APPROVAL OF CERTAIN REGULATORY AND ACCOUNTING TREATMENTS, AND 3) ALL OTHER REQUIRED APPROVALS AND RELIEF	)	**Case No. 2026-00001**

SIERRA CLUB'S POST HEARING BRIEF

I. Introduction.

In this docket, Kentucky Power requests a certificate of public convenience and necessity ("CPCN") to construct a new mechanical draft cooling tower for Unit 2 at the aging Mitchell Generation Station ("Mitchell Plant"). The Mitchell Plant is a two-unit, 1,560 megawatt ("MW") coal plant located approximately 12 miles south of Moundsville, West Virginia on the Ohio River that went into service in 1971.[1] Kentucky Power (or, "the Company") owns a 50% interest in the plant, which is operated by its affiliate, the West Virginia utility Wheeling Power Company.[2] Given the plant's age, the Mitchell Plant is scheduled to retire in 2040.[3] The

[1] *Electronic Application of Kentucky Power Company for 1) a Certificate of Public Convenience and Necessity to Construct a Mechanical Draft Cooling Tower at the Mitchell Plant 2) Approval of Certain Regulatory and Accounting Treatments, and 3) All Other Required Approvals and Relief*, Case No. 2026-0001, Application at 1-2 (February 17, 2026) (hereafter "Application").
[2] Application at 2.
[3] Direct Testimony of Tanner S. Wolffram on Behalf of Kentucky Power Company, at 10 (Feb. 17, 2026).

Company estimated the initial cost of the cooling tower replacement project to be $191 million, with Kentucky Power ratepayers shouldering 50% of the cost.[4] On June 4, 2026, after Sierra Club filed Intervenor Testimony in this matter, the Department of Energy ("DOE") announced it awarded the Mitchell Plant $51 million through the Defense Production Act, reducing the cost of the cooling tower replacement project to approximately $140 million.[5]

Given the DOE award, Sierra Club does not object to the issuance of the CPCN. However, given the flaws in the Company's analysis, as detailed in the Direct Testimony and July 8, 2026 hearing testimony of Sierra Club witness Lucy Metz, Sierra Club respectfully asks the Commission to include appropriate conditions on the issuance of the CPCN. The proposed conditions would help ensure that the Commission, and Kentucky Power ratepayers, have adequate information before future decisions are made regarding further investments in the aging Mitchell coal-fired power plant.

First, Sierra Club requests the Commission direct Kentucky Power to provide actual and ten-year annual forecasts for capital expenditures for the Mitchell Plant in all future Integrated Resource Plans ("IRPs") and any subsequent CPCNs for the Mitchell Plant. As detailed below, the Company's estimate for annual capital expenditures at the Plant over the next ten years is roughly one-third of the industry average for a plant of that size and age, as estimated by the U.S. Energy Information Administration ("EIA").[6] If the Company's forecasts prove to be too low, it will cost ratepayers more money and prejudice the consideration of viable alternatives to the continued reliance on a 55 year-old (and counting) power plant. Sierra Club believes the IRP

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[4] Application at 8.
[5] Rebuttal Testimony of Amy J. Elliott on Behalf of Kentucky Power Company, at 3 (June 10, 2026) (hereafter "Elliott Rebuttal").
[6] Case No. 2026-00001, Hearing Transcript at 160:22 to 162:20 (July 8, 2026) (hereafter "Hearing Transcript").

and subsequent CPCNs are the appropriate forums for this information. First, the IRP provides an existing process, that occurs every three years, and is intended to examine Kentucky Power's energy demand and compare alternative generation portfolios. Second, inclusion of this information in subsequent CPCNs will ensure that parties can compare the prospective ongoing costs to keep Mitchell operational to the all-in costs of alternatives. Providing this information is essential to making informed choices about future generation portfolio alternatives.

As part of this reporting, Sierra Club recommends that the Commission direct Kentucky Power to specifically identify how the Mitchell Plant's annual capital costs – both those incurred in prior years and updated forecasts for future years – compares to the Company's $12.3 million annual forecast provided in this case for Unit 2.[7] This approach would benchmark the Company's actual costs to its own estimate, and is consistent with the Commission's recent Order in Case No. 2025-00045, in which the Commission required Louisville Gas & Electric Company and Kentucky Utilities Company to file written notice with the Commission of any cost increases above 5% of the utilities' forecast for CPCNs to construct the Mill Creek 6 gas plant, the Brown 12 gas plant, and the Ghent 2 SCR.[8] To provide greater protections for ratepayers, the Commission should require the Company to provide written notice to the Commission and parties to this docket before seeking to recover any annual capital costs that are more than 5% above the Company's $12.3 million annual projection for Unit 2 provided in this case. Including this condition on the CPCN would allow the Commission carefully compare the

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[7] *See* Rebuttal Testimony of Joshua D. Snodgrass on Behalf of Kentucky Power Company, at 3:10-13 (June 10, 2026) (providing the Company's ten-year forecast for Mitchell Unit 2 average annual capital expenditures) (hereafter "Snodgrass Rebuttal").

[8] *Electronic Application of Kentucky Utilities Company and Louisville Gas & Electric Company for Certificates of Public Convenience and Necessity and Site Compatibility Certifications*, Case No. 2025-00045, Order at 168 (Oct. 28, 2025).

annual capital costs the Company seeks to pass through to customers with the Company's own capital cost projections that supported the CPCN. If the Company's capital expenditure forecasts hold up, the Company would not need to take additional steps; and if the Company's capital expenditures exceed its estimates and a 5% cushion, then the Commission will have the information it needs to determine the appropriate costs that should be shouldered by Kentucky Power ratepayers.

Second, the Commission should require the Company to conduct capacity expansion modeling to support any future capital project at the Mitchell Plant that requires a CPCN, in order to appropriately compare the forward-looking costs of continued investment in the Mitchell Plant with the all-in costs of alternatives.[9]

Sierra Club respectfully requests the Commission include these three conditions as reasonable, forward-looking safeguards that may help avoid another situation where the Commission is left with approving, as stated by Chair Hatton, the "least bad option . . . because of the way planning is done in this case."[10]

II. The Commission Should Include Conditions on Any CPCN Approval Here.

Sierra Club respectfully recommends the Commission impose reasonable conditions on any approval of the CPCN application in this case. Sierra Club believes each of these conditions will provide useful information to the Commission in future cases and help correct omissions in the Company's analysis put forward in this docket.

First, the Commission should direct Kentucky Power to provide actual prior year expenditures and ten-year annual forecasts for capital expenditures for the Mitchell Plant in all

[9] Corrected Direct Testimony of Lucy Metz on Behalf of Sierra Club, at 26:11 to 27:15 (June 29, 2026) (hereafter "Metz Direct").
[10] Hearing Transcript at 60:22 to 61:1.

future IRPs and CPCNs at the Mitchell Plant, and to compare those costs to the $12.3 million average capital expenditures the Company forecast here for Mitchell Unit 2. Sierra Club Witness Lucy Metz explained in Direct Testimony that the Company's analysis "omits all forward-going costs at Mitchell 2 (except those associated with the cooling tower itself) including ongoing capital expenditures, environmental compliance costs, and FOM costs."[11] Just one of those – the sustaining capital expenditures – could be significant. As discussed in Ms. Metz's Direct Testimony, the EIA conducted a review of average industry costs and concluded that a coal plant of this size and age "would require annual capital expenditures of approximately $30 million."[12] In rebuttal testimony, the Company stated its own estimate to be just $12.3 million per year, on average, over the next decade for Unit 2.[13] At the hearing, Company Witness Joshua Snodgrass conceded that he did not have any reason to doubt the EIA's industry averages,[14] and, when pressed as to why the Company's own estimate for Mitchell Unit 2 are roughly one-third of the industry average, he responded only "Can't say."[15]

Given the Company's inability to explain why its own estimates differ so greatly from EIA's industry average – and given that this assumption skewed the analysis to support issuance of the CPCN in this docket – Sierra Club recommends the Commission provide additional scrutiny to this issue going forward. Kentucky Power's 50% share of the plant's annual capital expenditures will very likely be passed on to the Company's ratepayers. Requiring the Company to provide updated figures (both past costs incurred and future costs forecast) in upcoming IRPs and any future CPCN dockets at the plant will help the Commission meaningfully evaluate

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[11] Metz Direct at 17:13-15.
[12] *Id.* at 20:14-20, 20 n.43.
[13] Snodgrass Rebuttal at 3:10-13.
[14] Transcript at 161:20 to 162:1.
[15] *Id.* at 162:20.

competing resource generation options at a plant that will be roughly 70 years old at its slated retirement date in 2040.

Second, the Commission should instruct the Company to conduct capacity expansion modelling as part of any future CPCN for investments in the aging Mitchell Plant. In this docket, the Company conducted production cost modeling for purposes of calculating energy margins.[16] But this type of model, without the capacity expansion modeling that was not conducted here, does not provide information about resource retirement and generation addition decisions.[17] As explained by Sierra Club Witness Lucy Metz, capacity expansion modeling would allow the Company to decide whether to continue to invest in Mitchell or retire and replace it, taking into account the costs, outage rates, and energy margins of each unit.[18] As Ms. Metz explained by analogy in testimony at the July 8, 2026 hearing, "if you have a repair to do on your old car, you're not going to compare the cost of only that one repair to the entire cost of buying a new car. . . . You're going to think about, what's my total cost to own this old car over the next several years, and how does that compare to the costs that I'd be paying for a new car?"[19] That analysis was entirely missing here, and the Commission should ensure that Kentucky Power conducts it going forward before continuing to invest in a 55 year-old coal plant.

The Commission should reject the position espoused by Kentucky Power Witness Amy Elliott regarding the meaning the Commission's decision in Case No. 2025-00175. In Rebuttal Testimony, Ms. Elliott asserted that "[t]he question of whether the Company should retire and

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[16] Metz Direct at 28:3-4.
[17] *Id.* at 27:16 to 28:6.
[18] *Id.* at 28:7-18.
[19] Transcript at 244:18 to 245:1.

replace Mitchell Unit 2 with another resource has already been addressed by the Commission."[20] That assertion is incomplete and misrepresents what the Commission decided in Case No. 2025-00175. Ms. Elliott did not submit testimony in that case, has no legal training, merely "skimmed" the proposed settlement in that matter, and only read "most" of the Commission's decision before mischaracterizing it.[21] Importantly, Ms. Elliott's statement ignores highly critical portions of that decision in which the Commission found, among other things, that "while there were many concerning flaws in Kentucky Power's planning and analysis . . . continuing to take capacity and energy from Mitchell Plant is the least bad option at this time for serving customers, at least through 2031."[22] The Commission explained that Kentucky Power's delays in seeking Commission approval artificially constrained the available options and would not be used to justify future generation decisions:

> Kentucky Power's failure to plan in a timely manner ignores its obligation to provide adequate, efficient, and reasonable service . . . and the necessity to engage in appropriate and timely planning to ensure that it is able to do so. Thus, while there are no other reasonable short-term options to consider under the circumstances, in the future, Kentucky Power should investigate resource options in a more-timely manner to not artificially limit the options available as occurred here.[23]

Finally, the Commission's Order clarified that the decision in Case No. 2025-00175 did not cut off consideration of long-term generation alternatives in future cases in the manner suggested by Ms. Elliott. Instead, the Order specifies the opposite outcome, stating, "the

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[20] Elliott Rebuttal at 5:20-22.
[21] Transcript at 41:5-11, 17-23
[22] *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 After December 31, 2028, (2) an Amended Environmental Compliance Plan, (3) Revised Environmental Surcharge Tariff Sheets, and (4) All Other Required Approvals and Relief*, Case No. 2025-00175, Order at 25 (Dec. 30, 2025).
[23] *Id.* at 37.

Commission does not believe that Kentucky Power's consideration of long-term options justifies finding that it failed to consider all reasonable alternatives in this case, though the result would likely be different if Kentucky Power were requesting a CPCN for post-2031 options."[24]

The Commission's repeated admonitions regarding future analyses in Case No. 2025-001175 are well-founded. As Ms. Metz explained, part of "Kentucky Power's responsibility to ratepayers" is ensuring that continued investment in aging fossil generation is the least cost option,[25] and that a utility should not "make a decision once about whether to keep a generation asset and then never think about it again."[26] Instead, as Ms. Metz explained, it is "critical that Kentucky Power is reassessing whether it makes sense to continue receiving power from Mitchell 2 every time that there's a major capital expenditure that needs to be made at the plant."[27]

III. Conclusion.

Sierra Club appreciates the opportunity to weigh in on these important generation investments that have significant impacts on ratepayers. While the Department of Energy's grant to the Mitchell Plant has potentially changed the narrow economic calculus necessary for the requested CPCN, that award should not completely paper over the Company's serious analytic failures here and should not be used to improperly foreclose future resource deliberations in the way suggested in the Company's rebuttal testimony. In the interest of Kentucky Power ratepayers, Sierra Club respectfully recommends the Commission impose the following conditions on any CPCN approval here:

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[24] *Id.* at 38.
[25] Transcript at 246:8-9.
[26] *Id.* at 245:21-24.
[27] *Id.* at 245:24 to 246:3.

1. The Commission should require the Company to provide incurred and ten-year annual forecasts for capital expenditures for Mitchell Units 1 and 2 in all future IRPs and Mitchell Plant CPCNs, and to compare those figures to the Company's estimate of $12.3 million annual capital costs for Mitchell Unit 2 that the Company cited in this docket. The Commission should require the Company to provide written notice to the Commission and parties here if capital costs exceed the Company's $12.3 million estimate and a 5% cushion.
2. The Commission should direct the Company to conduct capacity expansion modelling as part of any future CPCN for capital investments at the Mitchell Plant.

Dated: August 21, 2026

Respectfully submitted,

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CERTIFICATE OF SERVICE

This is to certify that the foregoing copy of Sierra Club's Post Hearing Brief in this action is being electronically transmitted to the Commission on August 21, 2026, and that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

/s/ Joe F. Childers
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