

**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	)	Case No. 2026-00001
Regulatory And Accounting Treatments, And 3) All	)	
Other Required Approvals And Relief	)	

**APPLICATION**

Kentucky Power Company (“Kentucky Power” or the “Company”) applies to the Public Service Commission of Kentucky (“Commission”) pursuant to KRS 278.020(1) and 807 KAR 5:001, Section 14, and 807 KAR 5:001, Section 15 for a Certification of Public Necessity (“CPCN”) to (1) construct a new mechanical draft cooling tower for Unit 2 at the Mitchell Generation Station (“Mitchell” or “Plant”) and (2) partially demolish and then fully demolish (when the Mitchell Plant is retired) the existing cooling tower at Mitchell Unit 2 (together, the “Mitchell Cooling Tower Project”); and approval of accounting treatment to establish a regulatory asset to accumulate and defer for later review and recovery the of the costs of the Mitchell Cooling Tower Project. In support of its Application, Kentucky Power states:

**APPLICANT**

1. **Name and Address:** The Applicant’s full name and post office address is: Kentucky Power Company, 1645 Winchester Avenue, Ashland, Kentucky 41101. The Company’s electronic mail address is [kentucky\\_regulatory\\_services@aep.com](mailto:kentucky_regulatory_services@aep.com).

2. **Incorporation:** Kentucky Power is a corporation organized on July 21, 1919 under the laws of the Commonwealth of Kentucky. The Company currently is in good standing in Kentucky.<sup>1</sup>

3. **Business:** Kentucky Power is a public utility principally engaged in the provision of electricity to Kentucky consumers. The Company generates and purchases electricity that it distributes and sells at retail to approximately 162,000 customers located in all, or portions of, the Counties of Boyd, Breathitt, Carter, Clay, Elliott, Floyd, Greenup, Johnson, Knott, Lawrence, Leslie, Letcher, Lewis, Magoffin, Martin, Morgan, Owsley, Perry, Pike, and Rowan.

#### **BACKGROUND**

4. The Mitchell Plant is located approximately 12 miles south of Moundsville, West Virginia on the Ohio River. Kentucky Power owns an undivided 50% interest in the Mitchell Plant and the other 50% interest is owned by Wheeling Power Company (“Wheeling Power”). The Mitchell Plant is operated by Wheeling Power. The Plant is comprised of two super-critical pulverized coal-fired baseload generating units. Mitchell Unit 1 has a nameplate capacity of 770 MW and Mitchell Unit 2 has a nameplate capacity of 790 MW, for a total nameplate capacity of 1,560 MW. Both units were placed in service in 1971.

5. Both units at the Mitchell Plant operate with a closed loop water system, meaning the water used to produce steam to turn the turbines is then cooled back to water to repeat the cycle. This transfer from steam to water is accomplished using the condenser and cooling tower. Steam exhausted from the turbines enters the condenser where cooling water flows through bundles of tubes. The units presently pump cooling water, essentially water from the Ohio River,

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<sup>1</sup> A certified copy of the Company’s Articles of Incorporation and all amendments thereto was attached to the Joint Application in *In the Matter Of: The Joint Application Of Kentucky Power Company, American Electric Power Company, Inc. And Central And South West Corporation Regarding A Proposed Merger*, P.S.C. Case No. 99-149. The Company’s February 16, 2026 Certificate of Existence is as **Exhibit 1** to this Application.

through the condenser where it absorbs heat from the steam. This cooling water is then transported into the cooling tower where the cooling water mixes with air, thus transferring heat into the atmosphere. This process recovers cooled water, reducing the need to constantly resupply water to the system and eliminates the release of hot water into natural bodies of water.

6. The Mitchell Unit 2 Cooling Tower has several areas of surface irregularities and deformations of the concrete shell, which have weakened the structure. In 2024, a project to reinforce the structure of the Unit 2 Cooling Tower began (the “Initial Repair Project”). By July 2025, the construction contractors discovered more cracking and deterioration that would require additional work. Work on the Initial Repair Project was halted to determine the best solution going forward by evaluating the costs, risk, and project schedule of the various options. During the pause, engineering undertook a comprehensive reassessment of the scope of work and evaluated alternative solutions to optimize schedule, cost, and delivery risk.

7. The engineering evaluation during the pause in the Initial Repair Project identified and evaluated four reasonable options for addressing the structural needs of the Mitchell Unit 2 Cooling Tower. The alternatives were:

- **Option 1**: Expand and extend the paused exterior shell reinforcement project;
- **Option 2**: Retire Unit 2 and partially demolish the existing cooling tower;
- **Option 3**: Construct a new mechanical draft cooling tower and partially demolish the existing cooling tower; and
- **Option 4**: Reduce the height of the existing cooling tower and continue with a reduced scope of exterior shell reinforcement.

8. Based on an economic evaluation of the reasonable options and an evaluation of other qualitative components as described in the Company’s testimony, the Mitchell Operating Committee unanimously selected Option 3, the Mitchell Cooling Tower Project, to address the structural needs of the Mitchell Unit 2 Cooling Tower.

## Legal Standard

9. Under KRS 278.020(1), no utility may construct or acquire any facility to be used in providing utility service to the public until it has obtained a CPCN from the Commission. To obtain a CPCN, the utility must demonstrate a need for such facilities and an absence of wasteful duplication.

10. “Need” requires:

[A] showing of a substantial inadequacy of existing service, involving a consumer market sufficiently large to make it economically feasible for the new system or facility to be constructed or operated.

[T]he inadequacy must be due either to a substantial deficiency of service facilities, beyond what could be supplied by normal improvements in the ordinary course of business; or to indifference, poor management or disregard of the rights of consumers, persisting over such a period of time as to establish an inability or unwillingness to render adequate service.<sup>2</sup>

11. “Wasteful duplication” is defined as “an excess of capacity over need” and “an excess investment in relation to productivity or efficiency, and an unnecessary multiplicity of physical properties.”<sup>3</sup> To demonstrate that a proposed facility does not result in wasteful duplication, the Commission has held that the applicant must demonstrate that a thorough review of all reasonable alternatives has been performed.<sup>4</sup> Selection of a proposal that ultimately costs more than an alternative does not necessarily result in wasteful duplication.<sup>5</sup> All relevant factors must be balanced.<sup>6</sup>

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<sup>2</sup> *Ky. Utils. Co. v. Pub. Serv. Comm’n*, 252 S.W.2d 885, 890 (Ky. 1952).

<sup>3</sup> *Id.*

<sup>4</sup> Order at 11, Case No. 2005-00142, *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for the Construction of Transmission Facilities in Jefferson, Bullitt, Meade, and Hardin Counties, Kentucky* (Ky. P.S.C. Sept. 8, 2005).

<sup>5</sup> See *Ky. Utils. Co. v. Pub. Serv. Comm’n*, 390 S.W.2d 168, 175 (Ky. 1965); see also Case No. 2005-00089, *The Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity to Construct a 138 kV Electric Transmission Line in Rowan County, Kentucky* (Ky. P.S.C. Aug. 19, 2005).

<sup>6</sup> Case No. 2005-00089, Order at 6.

## STATEMENT OF PUBLIC CONVENIENCE AND NECESSITY

### **(a) Need**

12. Due to the surface irregularities and deformations of the concrete shell, the continued use of the Unit 2 Cooling Tower is not an option. Without addressing the structural issues at the Unit 2 Cooling Tower, the cooling tower will continue to deteriorate to a point where it will no longer be safe to use, and the continued operation of Mitchell Unit 2 will be at risk. Addressing the structural issues at the Unit 2 Cooling Tower is therefore necessary to ensure continued operation of Mitchell Unit 2, preventing a potential loss of up to 308 MW of accredited generation capacity from the Company's 50 percent interest in Mitchell Unit 2. Without the roughly 308 MW from Mitchell Unit 2, the Company would need to add 305 MW of accredited capacity to meet its requirements, and 601 MW of accredited capacity assuming a winter capacity requirement beginning in PJM planning years 2031/32. Kentucky Power would have to address this need.

13. The evidence presented in the testimony supporting this Application confirms that the Mitchell Cooling Tower Project is the least-cost, reasonable alternative for the Company to address the structural issues at the Unit 2 Cooling Tower and provide the necessary capacity to serve its customers. The Mitchell Cooling Tower Project helps ensure the full Mitchell Plant remains available to meet the energy and capacity needs of the Company's customers, helps avoid additional costs to customers associated with having to acquire replacement capacity in a market that has a significant supply constraint, causing prices for replacement capacity to rise, and maintains optionality for customers by keeping Unit 2 available for use even beyond 2040.

### **(b) Wasteful Duplication**

14. Kentucky Power's proposal to implement the Mitchell Cooling Tower Project will not result in "an excess capacity over need" and thus will not be wastefully duplicative because it

is not “an excessive investment in relation to productivity or efficiency, . . . [nor] an unnecessary multiplicity of physical properties.” The existing surface irregularities and deformations of the concrete shell at the Mitchell Unit 2 Cooling Tower prevent continued, long-term use of the cooling tower without addressing the structural issues. As such, addressing the structural issues at the Mitchell Unit 2 Cooling Tower will not be in excess of what is needed to render safe and efficient service for its customers.

15. Kentucky Power’s proposed Mitchell Cooling Tower Project will not result in wasteful duplication because the structural issues at the Unit 2 Cooling Tower, as demonstrated above, put the ability of the Company to obtain capacity and energy from Mitchell Unit 2 at risk. In an effort to determine the least-cost, reasonable alternative to address the structural issues at the Unit 2 Cooling Tower, the Company conducted an engineering evaluation that identified the four reasonable alternatives.

16. The four reasonable alternatives to address the structural issues at the Mitchell Unit 2 Cooling Tower are as follows:

- Option 1: Expand and extend the paused exterior shell reinforcement project;
- Option 2: Retire Unit 2 and partially demolish the existing cooling tower;
- Option 3: Construct a new mechanical draft cooling tower and partially demolish the existing cooling tower; and
- Option 4: Reduce the height of the existing cooling tower and continue with a reduced scope of exterior shell reinforcement.

17. To evaluate the reasonable alternatives, the Company conducted an economic analysis. The purpose of this economic analysis was to determine, based on the information available at the time, what the revenue requirement would be for each of the four options. The analysis focused on the revenue requirement because the revenue requirement is the ultimate amount to be collected from customers.

18. The economic analysis demonstrates that the Mitchell Cooling Tower Project (Option 3) is the lowest-cost reasonable alternative with an average annual, total-plant revenue requirement of \$19,255,642. Kentucky Power's share of the revenue requirement would be 50% of the total amount. Based on this analysis and an evaluation of qualitative benefits of each option, the Company determined that the Mitchell Cooling Tower Project is the most reasonable, least-cost alternative for addressing the structural issues at the Mitchell Unit 2 Cooling Tower and preserving the ability to provide service to its customers from Mitchell Unit 2.

#### **PERMITS OR FRANCHISES**

19. Based on the current design, the following permits will be required for the Mitchell Cooling Tower Project:

- New Title V Permit under the Clean Air Act
- New Stormwater Discharge Pollution Permit
- Updated National Pollution Discharge Elimination System permit
- New Floodplain Permit

The Company will continue to investigate whether additional permits will be required as part of the engineering and design process. 807 KAR 5:001, Section 15(2)(b).

#### **DESCRIPTION OF PROPOSED LOCATION FOR CONSTRUCTION**

20. The proposed Mitchell Cooling Tower Project will be constructed within the existing footprint of the Mitchell Plant near Moundsville, WV. The proposed Mitchell Cooling Tower Project will not compete with any other public utilities, corporations, or persons. 807 KAR 5:001, Section 15(2)(c).

**AREA MAP**

21. A map showing the location of the Mitchell Plant is included as **EXHIBIT 2** to this Application. 807 KAR 5:001, Section 15(2)(d)(1).

**PLANS AND SPECIFICATIONS**

22. The current plans and specifications for the Mitchell Cooling Tower Project are provided as **CONFIDENTIAL EXHIBIT 3** to this Application. 807 KAR 5:001, Section 15(2)(d)(2).

**ESTIMATED COST**

23. The Mitchell Cooling Tower Project will not materially affect Kentucky Power's financial condition. The Company proposes to fund the cost of the Mitchell Cooling Tower Project through the Company's operating cash flow and other internally generated funds. 807 KAR 5:001, Section 15(2)(e).

24. The total estimated cost of the construction the Mitchell Cooling Tower Project is approximately \$191,000,000. Kentucky Power's 50% share of these estimated costs will be approximately \$95,500,000. The Company does not expect there to be any incremental increase in O&M expense associated with the Mitchell Cooling Tower Project. 807 KAR 5:001, Section 15(2)(f).

**APPLICATION FOR APPROVAL OF ACCOUNTING TREATMENT TO ESTABLISH A  
REGULATORY ASSET**

25. The Company incorporates paragraphs 1 through 24 of this Application as if fully reinstated herein.

26. The Company proposes to accumulate and defer the costs of the Mitchell Cooling Tower Project, including Construction Work in Progress, until the costs can be incorporated into the Company's proposed Generation Rider, if the Generation Rider is approved in Case No. 2025-00257. Alternatively, if the Generation Rider is not approved in Case No. 2025-00257, the

Company proposes to accumulate and defer the costs of the Mitchell Cooling Tower Project until the costs can be included in its rate base in a subsequent base rate case or other appropriate mechanism. To that end, the Company requests Commission approval to establish a regulatory asset and a deferral, including a return on the unamortized balance at the Company's approved weighted average cost of capital.

27. Financial Accounting Standards Board Accounting Standards Codification ("FASB Codification" or "ASC") 980-340-25-1 requires utility management to defer and capitalize a current cost (as a regulatory asset) when in management's judgment the cost is probable of recovery. ASC 980-405-25-1 requires deferral accounting based on the existence of a regulatory liability when a true-up to actual costs results in an over-recovery and probable refund to customers in a future ratemaking proceeding. The FASB ASC Master Glossary defines "probable" as "the future event or events are likely to occur." Evidence of probable recovery includes orders from the regulator specifically authorizing deferral of the current cost or current obligation for later review and recovery or refund through rates.

28. The requested order granting Kentucky Power authority to accumulate and defer for later review and recovery the costs of the Mitchell Cooling Tower Project described above in a regulatory asset would permit Kentucky Power to establish the regulatory asset.

29. The authority for establishing regulatory assets arises under the Commission's plenary authority to regulate utilities under KRS 278.040 and the Commission's authority to establish a system of accounts under KRS 278.220.<sup>7</sup> Traditionally, the Commission has exercised

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<sup>7</sup> *In The Matter Of: The Application of East Kentucky Power Cooperative, Inc. For An Order Approving Accounting Practices To Establish A Regulatory Asset Related To Certain Replacement Power Costs Resulting From Generation Forced Outages*, Case No. 2008-00436 at 3-4 (Ky. P.S.C. December 23, 2008).

its discretion to approve a regulatory asset upon demonstration that the expenses to be deferred fall into one of four categories:

(1) an extraordinary, nonrecurring expense which could not have reasonably been anticipated or included in the utility's planning; (2) an expense resulting from a statutory or administrative directive; (3) an expense in relation to an industry sponsored initiative; or (4) an extraordinary nonrecurring expense that over time will result in a saving that fully offsets the cost.<sup>8</sup>

30. The costs of the Mitchell Cooling Tower Project are eligible for inclusion in a regulatory asset. First, the Company will incur these costs to meet the Company's statutory obligations to provide adequate, efficient, and reasonable service. Accordingly, the costs of the Mitchell Cooling Tower Project should be considered an expense resulting from a statutory or administrative directive. Additionally, the costs of the Mitchell Cooling Tower Project are eligible for inclusion because they are extraordinary and non-recurring. These costs are not ongoing, and are not otherwise captured by the ratemaking process or included in the Company's base rates.

31. In accordance with FASB ASC 980-340-25-1 and Commission precedent, Kentucky Power requests that the Commission exercise its authority under KRS 278.220 to prescribe the manner in which the Company keeps its accounts by entering an order permitting Kentucky Power to accumulate and defer for review and recovery in in a subsequent base rate case the costs of the Mitchell Cooling Tower Project. If the requested relief is granted, Kentucky Power will record the regulatory asset in FERC Account No. 182.3.

#### **TESTIMONY**

32. The Company's application is supported by the testimonies of the following individuals:

- Tanner S. Wolfram, Director of Regulatory Services, Kentucky Power;

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<sup>8</sup> *Id.*

- Shawn P. Malone, Director of Projects, American Electric Power Service Corporation (“AEPSC”);
- Daniel W. Pizzino, Director of Generation Engineering, AEPSC; and
- Nicole M. Coon, Regulatory Consultant Principal, AEPSC .

#### **EXHIBITS**

33. The exhibits listed in the Appendix to this Application are attached to and made a part of this Application.

#### **COMMUNICATIONS**

34. Kentucky Power respectfully requests that communications in this matter be addressed to the email addresses identified on Kentucky Power’s January 5, 2026 Notice of Election and Use of Electronic Filing Procedures.

WHEREFORE, Kentucky Power Company respectfully requests that the Commission enter an order:

1. Granting Kentucky Power a CPCN to construct the Mitchell Cooling Tower Project as described in this Application and the Company’s testimony;
2. Authorizing Kentucky Power Company in accordance with FASB ASC 980-340-25-1 and Commission precedent to accumulate and defer for review and recovery in the Company’s proposed Generation Rider, if the Generation Rider is approved in Case No. 2025-00257, or, if the Generation Rider is not included in Case No. 2025-00257, in a subsequent base rate case or other appropriate mechanism the costs of Mitchell Cooling Tower Project; and

3. Granting Kentucky Power all additional relief to which it may be entitled.

Respectfully submitted,



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COUNSEL FOR KENTUCKY POWER  
COMPANY

**APPENDIX**

**EXHIBIT 1**

February 16, 2026 Certificate of Existence

**EXHIBIT 2**

Maps to suitable scale in portable document format showing the location of the Mitchell Plant, the proposed construction, as well as the location of like facilities located anywhere within the map area with adequate identification of the ownership of the like facilities

**CONFIDENTIAL EXHIBIT 3**

Plans and specifications of the Mitchell Cooling Tower Project

**EXHIBIT 1**

**Commonwealth of Kentucky**  
**Michael G. Adams, Secretary of State**

Michael G. Adams  
Secretary of State  
P. O. Box 718  
Frankfort, KY 40602-0718  
(502) 564-3490  
<http://www.sos.ky.gov>

**Certificate of Existence**

Authentication number: 358908  
Visit <https://web.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Michael G. Adams, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

**KENTUCKY POWER COMPANY**

KENTUCKY POWER COMPANY is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 271B, whose date of incorporation is July 21, 1919 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State; and is therefore in good standing.

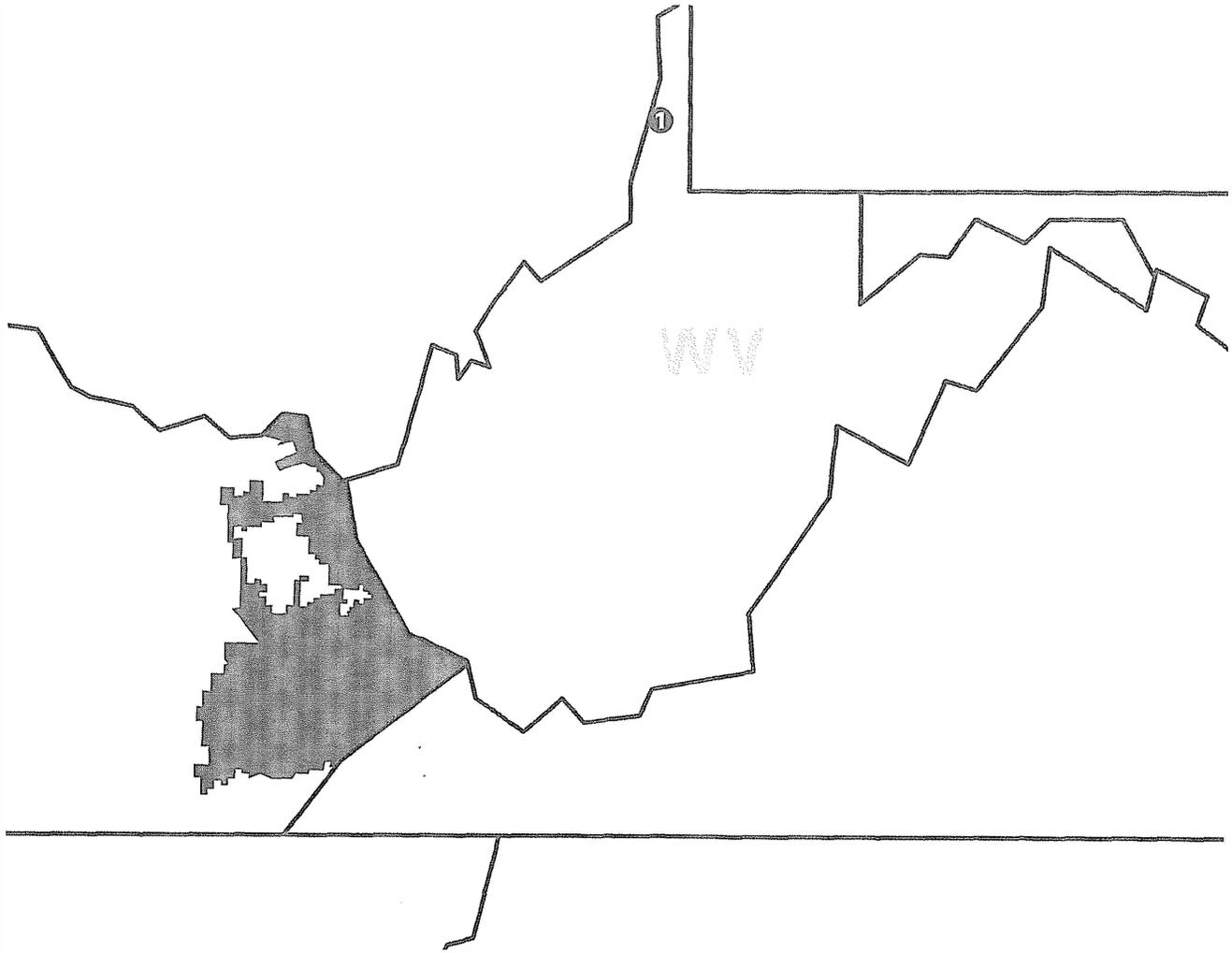
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 16<sup>th</sup> day of February, 2026, in the 234<sup>th</sup> year of the Commonwealth.



*Michael G. Adams*

Michael G. Adams  
Secretary of State  
Commonwealth of Kentucky  
358908/0028317

**EXHIBIT 2**



● Kentucky Power Company Retail Service Territory

Plant	Location
① Mitchell	Moundsville, WV

**PUBLIC EXHIBIT 3**

Confidential Exhibit 3 is redacted in its entirety.