

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic Application Of Kentucky Power Company	)	
For A Certificate Of Public Convenience And	)	
Necessity To Construct 69kV Transmission Lines	)	Case No. 2026-00184
And Associated Transmission Grid Upgrades In Pike	)	
County, Kentucky (Breaks-Dorton Project)	)	

DIRECT TESTIMONY OF

LERAH M. KAHN

ON BEHALF OF KENTUCKY POWER COMPANY

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TESTIMONY INDEX

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I. INTRODUCTION

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

2 A. My name is Lerah M. Kahn, and my position is Manager of Regulatory Services,
3 Kentucky Power Company (“Kentucky Power” or the “Company”). My business
4 address is 1645 Winchester Avenue, Ashland, Kentucky 41101.

II. BACKGROUND

5 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL**
6 **BACKGROUND.**

7 A. In 2009, I earned a Bachelor of Arts degree in History from the University of Guelph
8 in Guelph, Ontario, Canada. In 2010, I received a Paralegal diploma from Algonquin
9 Careers Academy in Mississauga, Ontario, Canada. From 2013 through 2018, I worked
10 at Sogefi Group Inc., a global supplier for the automotive industry, as a material planner
11 and accounting specialist. I accepted the position of Regulatory Consultant with
12 Kentucky Power Company in July 2018, and I was promoted to my current position as
13 Manager of Regulatory Services in February 2023.

1 **Q. WHAT ARE YOUR RESPONSIBILITIES AS MANAGER OF REGULATORY**
2 **SERVICES FOR KENTUCKY POWER?**

3 A. As Manager of Regulatory Services, I am responsible for the supervision and direction
4 of Kentucky Power’s Regulatory Services Department, which has responsibility for all
5 rate and regulatory matters involving the Company.

6 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN ANY REGULATORY**
7 **PROCEEDINGS?**

8 A. Yes. I have submitted testimony before the Public Service Commission of Kentucky
9 (the “Commission”) in Case No. 2019-00389 (Application for approval of the
10 Company’s 2019 Environmental Compliance Plan), Case No. 2020-00133
11 (Commission’s examination of the Company’s Environmental Surcharge mechanism
12 for the two-year billing period ending June 30, 2019), Case No. 2020-00174 (Base rate
13 case), Case No. 2021-00004 (Application for approval of the Company’s 2021 ECP),
14 Case No. 2022-00387 (Application for a special contract), Case No. 2023-00159 (Base
15 rate case), Case No. 2023-00372 (Commission’s examination of the Company’s
16 Environmental Surcharge mechanism for the four-year billing period ending June 30,
17 2023), Case No. 2024-00136 (Commission’s examination of the Company’s Fuel
18 Adjustment Clause mechanism for the six-month period ending April 30, 2023), Case
19 No. 2024-00344 (Application for Advanced Metering Infrastructure), Case No. 2025-
20 00175 (Application for approval to make the capital investments necessary to continue
21 receiving capacity and energy from the Mitchell Generating Station), Case No. 2025-
22 00338 (Commission’s examination of the Company’s Fuel Adjustment Clause
23 mechanism for the two-year period ending October 2024), Case No. 2026-00001

1 (Application to Construct a Mechanical Draft Cooling Tower at the Mitchell Plant),
2 and Case No. 2026-00208 (Application to Rebuild the Allen Station).

III. PURPOSE OF TESTIMONY

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

4 A. I am testifying in support of Kentucky Power’s application for a certificate of public
5 convenience and necessity (CPCN) to build the Breaks-Dorton Project located in Pike
6 County, Kentucky (the “Proposed Project”). Specifically, I will:

- 7 • Introduce the other witnesses supporting the Company’s Application.
- 8 • Provide an overview of the Proposed Project.
- 9 • Provide an overview of the right-of-way (“ROW”) activities.
- 10 • Provide the construction schedule for the Proposed Project.
- 11 • Describe the notice provided to landowners for this proceeding.
- 12 • Address the financial aspects of the Proposed Project.

13 **Q. WHAT WITNESSES WILL BE OFFERING TESTIMONY IN SUPPORT OF**
14 **KENTUCKY POWER’S APPLICATION?**

15 A. Four additional witnesses provide direct testimony in support of this Application. First,
16 Company Witness Nicolas Koehler describes the need for the Proposed Project and
17 scope of work to be completed, identifies alternative electrical solutions that were
18 evaluated along with the Proposed Project, and provides a summary of the Proposed
19 Project’s advancement through the PJM review process.

20 Second, Company Witness Caleb McAllister describes the transmission line
21 engineering aspects of the Proposed Project and ROW considerations.

1 Third, Company Witness Emily Hartje sponsors the siting study and provides
2 details on the route selection process for the Proposed Project.

3 Fourth, Company Witness Omar El-Safty discusses the station engineering
4 aspects of the Proposed Project.

IV. PROPOSED PROJECT OVERVIEW

5 **Q. PLEASE DESCRIBE THE PROPOSED PROJECT.**

6 A. The Proposed Project consists of the following scopes of work to address the baseline
7 and asset renewal needs. Specifically, the Project will:

- 8 • Rebuild the Breaks-Dorton 46kV line section to 69kV standards.
- 9 • Rebuild the Henry Clay Substation to 69kV standards.
- 10 • Retire the Draffin Substation and replace it with the greenfield Ratliff
11 Substation.
- 12 • Retire approximately six miles of 46kV lines between the Henry Clay
13 Substation and the Elwood Substation. A new right of way will be used to
14 shorten the line mileage between the stations.
- 15 • Convert the line between the Dorton Substation and the Burdine Substation to
16 69kV.
- 17 • Convert the Burdine Substation to 69kV by replacing the distribution bank at
18 the Burdine Substation.

19 **Q. WHY DOES KENTUCKY POWER NEED TO CONSTRUCT THE PROPOSED**
20 **PROJECT?**

21 A. The Proposed Project will address two needs. First, the Proposed Project will address
22 identified baseline violations of FERC 715 Reliability Standards. Second, the
23 Proposed Project will allow the Company to replace outdated 46kV infrastructure with

1 modern 69kV equipment. Additional description of the need for the Proposed Project
2 is provided by Company Witness Koehler.

3 **Q. HAS THE PROPOSED PROJECT BEEN SUBMITTED TO PJM**
4 **INTERCONNECTION LLC (“PJM”)?**

5 A. Yes. PJM assigned the Proposed Project the Baseline identification number (ID) of
6 b3736. Further details of the Proposed Project’s status at PJM are provided by
7 Company Witness Koehler.

V. CENTERLINE AND ROW

8 **Q. WHAT IS THE WIDTH OF THE PROPOSED ROW, GENERALLY, FOR THE**
9 **PROPOSED PROJECT?**

10 A. Generally, the total ROW width for the Proposed Project is 100 feet (or 50 feet on each
11 side of the transmission line).

12 **Q. KENTUCKY POWER FILED MAPS ILLUSTRATING THE PROPOSED**
13 **CENTERLINE OF THE TRANSMISSION LINE AND ROW AS EXHIBIT 4**
14 **(PROPOSED ROUTE MAPS) TO ITS APPLICATION. COULD THAT**
15 **CENTERLINE CHANGE?**

16 A. Yes. Constructability issues, access requirements, and conditions that are not evident
17 until final engineering or that arise as a result of landowner negotiations, may require
18 Kentucky Power to place the identified centerline and adjacent ROW outside the ROW
19 indicated on **EXHIBIT 4**. Consistent with the guidance provided by the Commission’s
20 April 13, 2022 Order in Case No. 2021-00346, its September 22, 2022 Order in Case
21 No. 2022-00118, and its October 6, 2023 Order in Case No. 2023-00040, the Company
22 seeks authority to relocate the centerline and associated ROW up to 100 feet in any

1 direction (or 200 feet total) from the location as shown on the maps filed with the
2 Application if necessary to address these conditions or issues. If the Company
3 determines that it is necessary to move the centerline, the Company will file a notice
4 in this proceeding. The notice will identify the new location of the centerline, the
5 affected landowner(s), and the need for the modification of the centerline. Kentucky
6 Power will serve the notice to move the centerline on any affected landowner(s), even
7 if not a party to this proceeding.

8 This procedure is consistent with the Commission’s previous approvals in Case
9 Nos. 2021-00346 (Garrett Area Improvements 138kV Transmission Project), 2022-
10 00118 (Wooton-Stinnett 161kV Transmission Rebuild Project), and 2023-00040
11 (Belfry Area Transmission Line Project). Specifically, in Case No. 2022-00118 the
12 Commission found that, “Kentucky Power has identified sufficient need for the
13 flexibility to move the centerline and right-of-way up to 200 feet in either direction of
14 the centerline as shown on the maps filed with the application. This request is
15 reasonable in light of the nature of the terrain over which the proposed facilities will
16 traverse, and the need for flexibility in response to landowner concerns.”¹

¹ Order at 22, *In The Matter Of: Electronic Application Of Kentucky Power Company For A Certificate Of Public Convenience And Necessity To Rebuild The Wooton-Stinnett Portion Of The Hazard-Pineville 161 kV Line In Leslie County, Kentucky*, Case No. 2022-00118 (Ky. P.S.C. Sept. 22, 2022).

1 **Q. ARE THERE CERTAIN SPANS FOR WHICH THE COMPANY ALREADY**
2 **KNOWS IT WILL NEED ADDITIONAL RIGHT OF WAY BEYOND 100 FEET**
3 **TOTAL?**

4 A. Yes. For a list of spans the Company anticipates will require ROW of more than 100
5 feet, please see the Direct Testimony of Company Witness McAllister.

6 **Q. IS KENTUCKY POWER SEEKING UNLIMITED DISCRETION TO**
7 **RELOCATE THE TRANSMISSION LINE AND ROW?**

8 A. No. Kentucky Power is seeking authority to move the centerline and associated ROW
9 only within the limits indicated above.

10 **Q. WILL THE COMMISSION BE INFORMED OF THE FINAL LOCATION OF**
11 **THE LINE AND ROW?**

12 A. Yes. Kentucky Power will file with the Commission the final location of the line,
13 structures, and the substations after construction is completed.

VI. CONSTRUCTION SCHEDULE

14 **Q. WHEN DOES KENTUCKY POWER PROPOSE TO BUILD THE**
15 **TRANSMISSION LINE AND THE SUBSTATIONS IF THE CERTIFICATE IS**
16 **GRANTED?**

17 A. The Proposed Project's construction will take approximately 25 months, with
18 construction beginning in the fourth quarter of 2026. The Proposed Project's current
19 in-service date is third quarter of 2028. Construction will continue after the in-service
20 date for removal and retirement activities and is scheduled to conclude in the first
21 quarter of 2029.

VII. NOTICES

1 **Q. WERE OWNERS OF PROPERTY LOCATED WITHIN 200 FEET OF THE**
2 **CENTERLINE PROVIDED MAILED NOTICE OF THE COMPANY’S**
3 **APPLICATION?**

4 A. Yes, the Company provided notice to persons owning property crossed by or adjacent
5 to the Proposed Route for the Proposed Project. The notice included the expanded
6 ROW described above. Detailed information on the Company’s efforts to engage
7 landowners within or adjacent to Proposed Route for the Proposed Project is described
8 in Company Witness Hartje’s testimony, the Siting Study included in **EXHIBIT 7** to the
9 Application, and the materials sent to landowners included in **EXHIBIT 8**.

10 **Q. WHEN WAS THE LANDOWNER NOTICE MAILED?**

11 A. The landowner notice for the Proposed Route was mailed on December 9, 2024. The
12 list of landowners within the proposed ROW and notification corridor to whom the
13 notice was mailed, including a verification of mailing, is attached as **EXHIBIT 8** (Notice
14 Mailed to Landowners and Verification) to the Application.

15 **Q. HAS THE ROUTE OF THE PROPOSED PROJECT BEEN UPDATED?**

16 A. Yes. The Proposed Route has been modified since it was publicly announced. The
17 modification shifts a portion of the Proposed Route approximately 1,500 feet to the
18 east, immediately south of the Ratliff Substation, and includes the adjustment of certain
19 structures. This adjustment affects additional landowners. All affected landowners
20 were engaged and are aware of the Proposed Project. Further information detailing the
21 modification of the Proposed Route is provided in the testimony of Company Witness
22 Hartje.

VIII. FINANCIAL ASPECTS OF THE PROJECT

1 **Q. WHAT IS THE PROJECTED COST OF THE PROPOSED PROJECT?**

2 A. The total detailed estimate of the Proposed Project cost is approximately \$135.3
3 million.² That sum comprises: (a) approximately \$79.7 million for transmission line
4 work including ROW acquisition; (b) approximately \$29.4 million for construction and
5 upgrade of the substations and switch structures; (c) approximately \$2.4 million for
6 station removals; and (d) approximately \$23.7 million for transmission line removals.

7 **Q. DOES THE APPROXIMATELY \$135.3 MILLION COST ESTIMATE**
8 **REPRESENT A FIXED AND FINAL COST?**

9 A. No. The estimate represents the Company's assessment of the costs as of the date of
10 this Application. The exact cost will not be known until the Proposed Project is
11 complete.

12 **Q. HOW WILL THE COST OF THIS PROPOSED PROJECT BE ALLOCATED**
13 **TO KENTUCKY POWER BY PJM?**

14 A. The costs of the Proposed Project will be allocated to the AEP East PJM zone based on
15 a 12 CP allocation.

16 **Q. HOW WILL THE PROPOSED PROJECT COST BE FUNDED?**

17 A. Kentucky Power anticipates funding the cost of the Proposed Project through its
18 operating cash flow and other internally generated funds. Generally, the Company
19 issues debt to support its overall financial condition. However, given the factors
20 impacting the timing of construction, maintenance, and modification or improvement

² Please note that the estimated total Proposed Project cost does not equal the sum of the estimated costs for the component categories due to rounding.

1 to new and existing facilities, and associated capitalization (cash) needs, it is difficult
2 to assign a specific debt issuance to this Proposed Project. As such, the Company will
3 not issue new debt for this Proposed Project.

4 **Q. WILL THE COST OF THE PROPOSED PROJECT MATERIALLY IMPACT**
5 **THE FINANCIAL CONDITION OF KENTUCKY POWER COMPANY?**

6 A. No. Kentucky Power's assets, net of regulatory assets and deferred charges, as of July
7 2026, totaled \$2.3 billion. The cost of the Proposed Project thus represents an increase
8 of approximately 5.9% percent in those assets.

9 **Q. WHAT IS THE PROJECTED COST OF OPERATION FOR THE PROPOSED**
10 **FACILITIES AFTER THEY ARE COMPLETED?**

11 A. Kentucky Power estimates the annual operating cost will be approximately \$166,000
12 for general maintenance and inspection. The projected additional annual ad valorem
13 taxes resulting from the Proposed Project are expected to total approximately \$1.7
14 million.

15 **Q. WILL THE PROJECT AS PROPOSED RESULT IN WASTEFUL**
16 **DUPLICATION?**

17 A. No. The Proposed Project will not duplicate any existing facilities in the area and will
18 not result in an excess of capacity over need, or excess investment in relation to the
19 productivity and efficiency to be gained. The Company considered all reasonable
20 alternatives to the Proposed Project, and the Proposed Project represents the most
21 reasonable, least-cost solution. Company Witnesses McAllister, El-Safty, and Koehler
22 provide further explanations of the alternatives considered in their respective

1 testimonies demonstrating that the Proposed Project is the least-cost, most reasonable
2 solution to meet the need. The proposed solution will not result in wasteful duplication.

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

4 **A.** Yes, it does.

VERIFICATION

The undersigned, Lerah M. Kahn, being duly sworn, deposes and says she is the Manager of Regulatory Services for Kentucky Power, that she 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 her information, knowledge, and belief after reasonable inquiry.

Kenneth Kahn

Lerah M. Kahn

Commonwealth of Kentucky)
)
County of Boyd)

Case No. 2026-00184

Subscribed and sworn to before me, a Notary Public in and before said County
and State, by Lerah M. Kahn, on August 25, 2026

Marilyn Michelle Caldwell
Notary Public

My Commission Expires May 5, 2027

Notary ID Number KYNP71841

