

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

The Electronic Application Of Kentucky Power	)	
Company For A Certificate Of Public Convenience	)	
And Necessity To Rebuild The Allen Station In	)	Case No. 2026-00208
Floyd County, Kentucky (“Allen Station Rebuild	)	
Project”)	)	

DIRECT TESTIMONY OF
LERAH M. KAHN
ON BEHALF OF KENTUCKY POWER COMPANY

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TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
I. INTRODUCTION	1
II. BACKGROUND.....	1
III. PURPOSE OF TESTIMONY	3
IV. THE PROJECT OVERVIEW	3
V. CUSTOMER OUTREACH AND NOTIFICATION.....	5
VI. FINANCIAL ASPECTS OF THE PROPOSED PROJECT	5

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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, 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 AND PROFESSIONAL**
6 **BACKGROUND.**

7 A. In 2009, I earned a Bachelor of Arts degree in History from the University of Guelph in
8 Guelph, Ontario, Canada. Additionally, in 2010 I received a Paralegal diploma from
9 Algonquin Careers Academy in Mississauga, Ontario, Canada.

10 From 2013 through 2018, I worked at Sogefi Group Inc., a global supplier for the
11 automotive industry, as a material planner and accounting specialist. I accepted the
12 position of Regulatory Consultant with Kentucky Power Company in July 2018. I was
13 promoted to my current position as Manager of Regulatory Services in February 2023.

14 **Q. WHAT ARE YOUR PRINCIPAL AREAS OF RESPONSIBILITY WITH**
15 **KENTUCKY POWER?**

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

1 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN ANY REGULATORY**
2 **PROCEEDINGS?**

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

III. PURPOSE OF TESTIMONY

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

2 A. I am testifying in support of Kentucky Power’s application for a certificate of public
3 convenience and necessity to rebuild the Allen Substation (the “Proposed Project”) located
4 in Floyd County, Kentucky. Specifically, I will:

- 5 • Introduce the other witnesses supporting the Company’s Application;
- 6 • Provide an overview and discuss the construction timeline for the Proposed Project;
- 7 • Describe the stakeholder input process for the Proposed Project;
- 8 • Describe the customer outreach and notification for the Proposed Project; and
- 9 • Address the financial aspects of the Proposed Project.

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

12 A. Company Witness Jasmine Moore will discuss the planning and PJM process associated
13 with the Proposed Project, the need for the Proposed Project, and alternatives considered
14 by the Company. Company Witness Tyler Benedum will discuss the station engineering
15 aspects of the Proposed Project as well as the alternatives considered by the Company.

IV. THE PROJECT OVERVIEW

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

17 A. Through the Proposed Project, Kentucky Power seeks to rebuild the Allen Substation in
18 Floyd County at its current location. The Allen Substation will be rebuilt as a straight bus
19 station with four 69kV circuit breakers, operating at 46kV, and a 17.2 MVAR capacitor
20 bank. A new 46/12kV 20MVA distribution bank will also be installed. The Company will
21 also replace limiting equipment for the Stanville-Allen transmission line with higher rated

1 components. The transmission lines that currently connect to the Allen Substation will
2 remain in their current position and will be connected to the rebuilt Allen Substation.

3 During the rebuild, Allen Substation equipment will be placed on raised platforms or have
4 elevated structures installed. Most Substation equipment will be raised approximately
5 eight feet, elevating the electrical components approximately ten feet from the ground total.
6 The Control House will be replaced and will be elevated approximately fifteen feet off the
7 ground. The Company anticipates using elevated platforms, allowing inspection and
8 maintained to be done from the elevated platform.

9 As described in more detail in the testimony of Company Witness Moore, the Allen
10 Substation rebuild is necessary to address potential overloading on the Allen-Stanville
11 transmission line and issues arising from recurring flooding.

12 **Q. HAS THE PROJECT BEEN SUBMITTED TO PJM INTERCONNECTION LLC**
13 **(“PJM”)?**

14 A. Yes. The Proposed Project has been submitted to PJM through the baseline RTEP process.
15 The Proposed Project need was first presented during the RTEP-Western meeting on July
16 24, 2019 as a supplemental project, and the solution was presented on October 16, 2020
17 before being converted to a baseline project in 2021. As a baseline solution, the Proposed
18 Project was presented on October 15, 2021, and the recommended solution was presented
19 November 19, 2021. The Proposed Project has been designated by PJM as b3353
20 (baseline) and s2405 (supplemental). Please see **EXHIBIT 10** for the PJM slides.

21 **Q. WHAT IS THE PROPOSED CONSTRUCTION SCHEDULE FOR THE**
22 **PROPOSED PROJECT?**

23 A. The construction and in-service milestones are as follows:

- Q1 2027: Start of construction;
- Q2 2028: Proposed Project placed in-service; and
- Q4 2028: Construction Complete.

V. CUSTOMER OUTREACH AND NOTIFICATION

Q. PLEASE DESCRIBE ANY PROJECT-RELATED OUTREACH OR CUSTOMER NOTIFICATION THAT THE COMPANY HAS COMPLETED.

A. Because the Proposed Project is limited to rebuilding the Allen Substation on its existing site, there will be no impacted landowners. Accordingly, the Company has not conducted usual project-related outreach or customer notifications.¹

VI. FINANCIAL ASPECTS OF THE PROPOSED PROJECT

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

A. The estimated cost of the Proposed Project is \$49.7 million.

Q. DOES THE APPROXIMATELY \$49.7 MILLION COST ESTIMATE REPRESENT A FIXED AND FINAL COST?

A. No. The estimate represents the best engineering assessment of the costs as of the date of this Application. The exact cost will not be known until the Proposed Project is complete.

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

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

¹ One adjacent landowner was notified of the Proposed Project. This landowner will not be impacted by the Proposed Project. Prior to construction, the Company will notify the adjacent landowner.

Q. HOW WILL THE PROPOSED PROJECT COST BE FUNDED?

A. Kentucky Power anticipates funding the cost of the Proposed Project through its operating cash flow and other internally generated funds. Generally, the Company issues debt to support its overall financial condition. However, given the factors impacting the timing of construction, maintenance, and modification or improvement to new and existing facilities, and associated capitalization (cash) needs, it is difficult to assign a specific debt issuance to this Proposed Project. As such, the Company will not issue new debt for this Proposed Project.

Q. WILL THE COST OF THE PROPOSED PROJECT MATERIALLY AFFECT THE FINANCIAL CONDITION OF KENTUCKY POWER COMPANY?

A. No. Kentucky Power's assets, net of regulatory assets and deferred charges, as of June 2026, totaled \$2.2 billion. Thus, the cost of the Proposed Project represents an increase of approximately 2.2% percent in those assets.

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

A. Kentucky Power estimates the annual operating cost will be approximately \$20,500 for general maintenance and inspection. The projected additional annual ad valorem taxes resulting from the Proposed Project are expected to total approximately \$953,000.

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

A. No. The Proposed Project will not duplicate any existing facilities in the area and will not result in an excess of capacity over need, or excess investment in relation to the productivity and efficiency to be gained. After considering all reasonable alternatives, the Proposed

1 Project represents the least-cost, most reasonable alternative. Company Witnesses
2 Benedum and Moore provide further explanation of the alternatives considered in their
3 respective testimonies.

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

5 A. Yes.

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.



Lerah M. Kahn

Commonwealth of Kentucky)

Case No. 2026-00208

County of Boyd)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Lerah M. Kahn, on July 28, 2026.


Notary Public

My Commission Expires May 5, 2027

Notary ID Number KYNP71841

