Matthew G. Bevin Governor

Charles G. Snavely Secretary Energy and Environment Cabinet



Commonwealth of Kentucky
Public Service Commission

211 Sower Blvd. P.O. Box 615 Frankfort, Kentucky 40602-0615 Telephone: (502) 564-3940 Fax: (502) 564-3460 psc.ky.gov Michael J. Schmitt Chairman

> Robert Cicero Vice Chairman

Talina R. Mathews Commissioner

August 28, 2019

#### PARTIES OF RECORD

Re:

Case No. 2019-00154

Electronic Application of Kentucky Power Company for a Certificate of Public Convenience and Necessity to Perform Upgrade, Replacement, and Installation Work at its Existing Substation Facilities in Perry and Leslie Counties, Kentucky

Attached is a copy of the memorandum which is being filed in the record of the above referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Quang Nguyen, Staff Attorney, at 502/782-2586.

Sincerely,

Gwen R. Pinson Executive Director

Deven R. Purso

QN/ch

Attachments



#### INTRA-AGENCY MEMORANDUM

#### KENTUCKY PUBLIC SERVICE COMMISSION

TO:

Case File - Case No. 2019-00154

FROM:

Quang D. Nguyen, Assistant General Counsel

DATE:

August 28, 2019

RE:

Informal Conference of July 30, 2019

Pursuant to an Order issued on July 24, 2019, an informal conference (IC) was held at Kentucky Power Company's (Kentucky Power) Hazard Substation located at 1400 East Main Street, Hazard, Kentucky, on July 30, 2019. The IC was held at the request of Kentucky Power to allow Commission Staff and the Office of the Attorney General view the general condition of the Hazard Substation and the various components that are proposed to be upgraded and replaced. In attendance were representatives from Kentucky Power, Commission Staff, and the Office of the Attorney General. The attendance sheet for IC is attached to this memo.

After brief introductions and safety protocols of the substation area, Kentucky Power representatives provided an overview of the current configuration of the Hazard Substation and described the upgrades and replacements that are the subject of Kentucky Power's application in this matter. A slide presentation provided by Kentucky Power is attached to this memo. After a question and answer session, the attendees then proceeded outside to examine and inspect the substation area along with the various facilities and physical assets that are outdated and proposed to be replaced by Kentucky Power. The attendees then travelled to and examined a nearby substation that was relatively newer as compared to the Hazard Substation and included transmission assets that were of more recent vintage.

There being no further discussion, the IC was then adjourned.

### COMMONWEALTH OF KENTUCKY

### BEFORE THE PUBLIC SERVICE COMMISSION

#### In the Matter of:

| ELECTRONIC APPLICATION OF KENTUCKY      | ) |            |
|---|---|------------|
| POWER CMOPANY FOR A CERTIFICATE OF      | ) |            |
| PUBLIC CONVENIENCE AND NECESSITY TO     | ) | CASE NO.   |
| PERFORM UPGRADE, REPLACEMENT, AND       | ) | 2019-00154 |
| INSTALLATION WORK AT ITS EXISTING       | ) |            |
| SUBSTION FACILITIES IN PERRY AND LESLIE | ) |            |
| COUNTIES, KENTUCKY                      | ) |            |

## Informal Conference - July 30, 2019

## Please sign in:

### NAME

### REPRESENTING

| DOO Fire side And the                    |  |
|--|--|
| PSC – Financial Analysis                 |  |
| PSC – Division of Inspections            |  |
| PSC – Office of General Counsel          |  |
| Office of the Attorney General           |  |
| AEP Protection & Control                 |  |
| AEP Protection & Control                 |  |
| AEP Transmission Planning                |  |
| AEP Transmission Planning                |  |
| AEP Transmission Station Equipment       |  |
| Standards                                |  |
| AEP Transmission Station Equipment       |  |
| Standards                                |  |
| AEP Transmission Asset Performance       |  |
| AEP Transmission Field Services          |  |
| AEP Equipment Specialist                 |  |
| AEP Transmission Asset Strategy          |  |
| Kentucky Power Distribution Reliability  |  |
| Manager                                  |  |
| AEP Protection & Control Engineering     |  |
| Design Standards                         |  |
| AEP Station Design Standards             |  |
| AEP Senior Counsel                       |  |
| Stites & Harbison PLLC (outside counsel) |  |
| Stites & Harbison PLLC (outside counsel) |  |
|  |  |

# Baseline vs. Supplemental

## **Baseline Drivers**

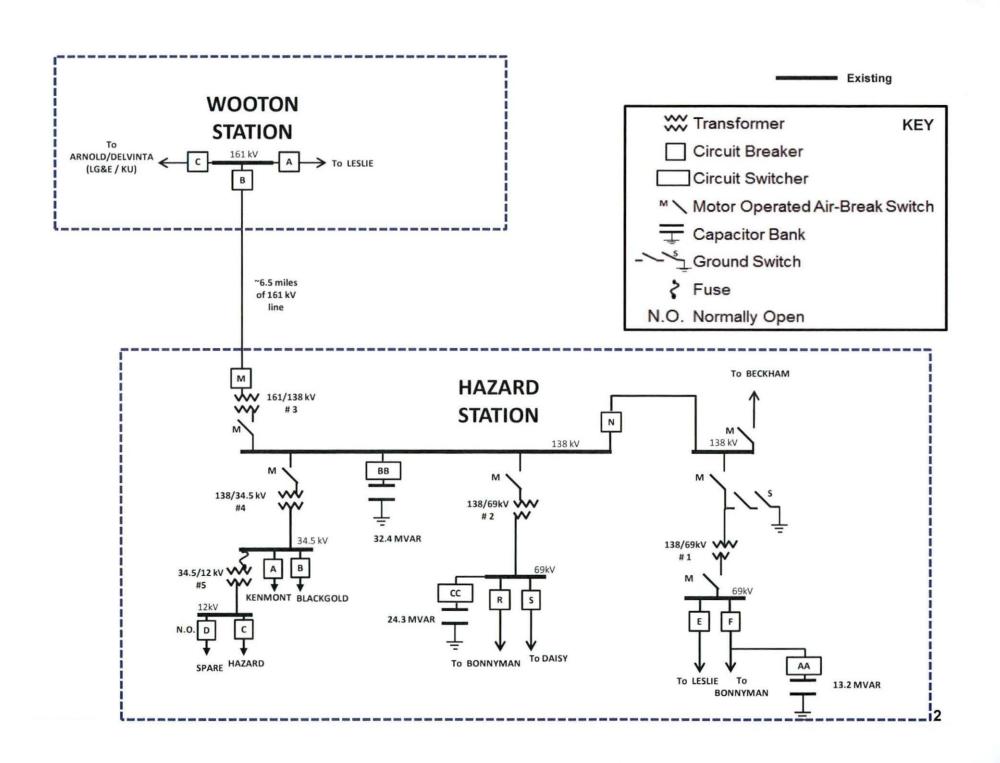


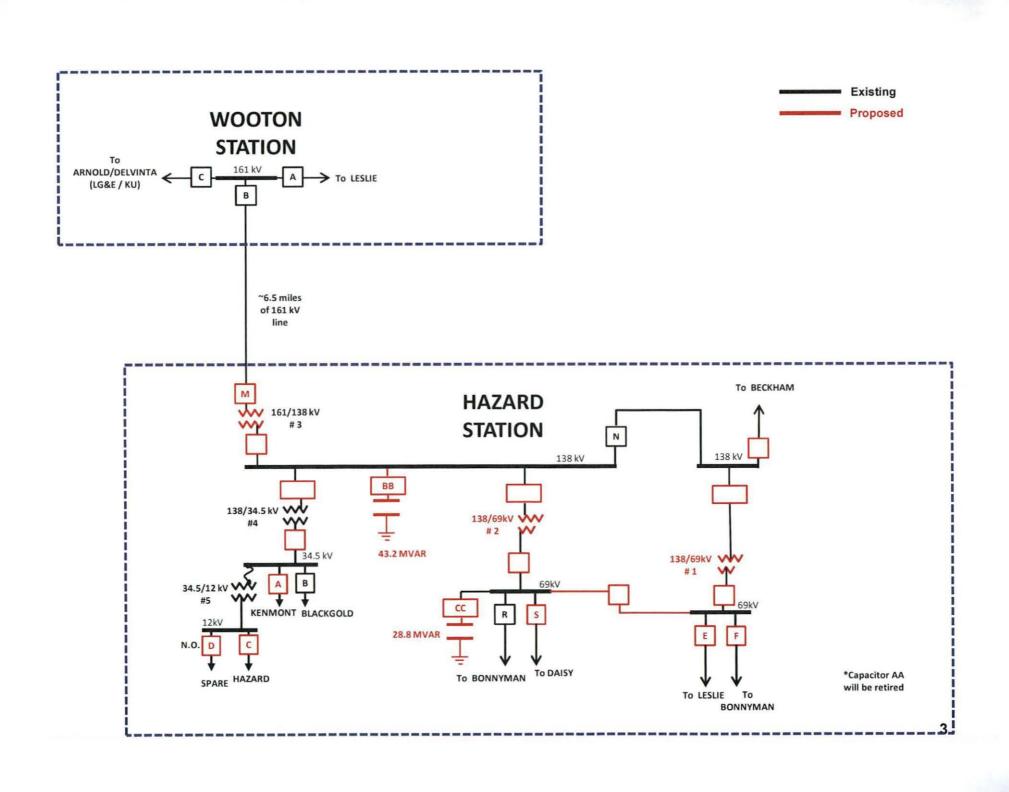
- Dropping customers is an acceptable outcome and mitigation
- Analysis based on forecasts and assumes the modeled system is performing as designed and intended
- Probability of a 5-year old asset impacted by an outage is equal to the probability of a 100-year old asset impacted by an outage

# **Supplemental Drivers**



- Dropping customers is not an acceptable outcome
- Project decisions based on real-time system conditions, performance and risk
- A TO's fundamental obligation is to maintain a safe and reliable grid





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