

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|---------------------------------------|---|------------|
| 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 |) | CASE NO. |
| MITCHELL GENERATING STATION AFTER |) | 2025-00175 |
| DECEMBER 31, 2028, (2) AN AMENDED |) | |
| ENVIRONMENTAL COMPLIANCE PLAN, (3) |) | |
| REVISED ENVIRONMENTAL SURCHARGE |) | |
| TARIFF SHEETS, AND (4) ALL OTHER |) | |
| REQUIRED APPROVALS AND RELIEF |) | |

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO KENTUCKY POWER COMPANY

Kentucky Power Company (Kentucky Power), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on August 25, 2025. The Commission directs Kentucky Power to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kentucky Power shall make timely amendment to any prior response if Kentucky Power obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Kentucky Power fails or refuses to furnish all or part of the requested information, Kentucky Power shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Kentucky Power shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, page 4, paragraphs 8 and 9 and page 4, Footnote 3, stating that the Commission clarified and confirmed that the Company's interest in the

Mitchell Plant must terminate by December 31, 2028, as a result of the Commission's July 15, 2021 Order in Case No. 2021-00004 and citing to various orders. Identify the precise language in the relevant orders that clarified and confirmed that the Company's interest in the Mitchell Plant must terminate by December 31, 2028, as a result of the Commission's July 15, 2021 Order in Case No. 2021-00004 by providing a copy of the relevant orders with the relevant language highlighted.

2. Refer to the Application, page 6, paragraph 13. Kentucky Power states, "If PJM makes such revisions, even if the capacity provided by Mitchell remains a part of the Company's generation portfolio, the Company would still need to add roughly 280 MW of additional accredited capacity to meet its future winter capacity needs."

a. Identify the peak demand and reserve margins used by Kentucky Power to determine that capacity need and explain how that peak demand and reserve margins were determined.

b. Provide all reports and analyses supporting the 280 MW capacity need, including any load forecasts and reserve margin analyses that support that capacity need.

c. If not included in the response to part a., provide an update to the integrated resource plan (IRP) peak demand and energy load forecasts filed in March 2023 in Case No. 2023-00092² extending out 15 years through 2040. Include in the response explanations of the assumptions supporting each sub-component of the total demand and energy forecasts and the derivations of each sub-component of the total

² Case No. 2023-00092 *Electronic 2022 Integrated Resource Planning Report of Kentucky Power Company* (Filed Mar. 20, 2022).

demand and energy forecasts including but not necessarily limited to distributed generation, electric vehicles and demand side management energy efficiency and demand response (DSM EE-DR) programs.

d. Explain whether Kentucky Power plans to file a certificate of Public Convenience and Necessity (CPCN) to address this capacity deficit and if so, please provide the estimated timing for when the application will be filed.

3. Refer to the Application, page 7, paragraph 17. Refer also to the Direct Testimony of Tanner S. Wolfram (Wolfram Direct Testimony) at page 6, lines 14–17.

a. Explain whether, and if so when, Kentucky Power informed the Commission that it would not allocate certain Mitchell Plant non-ELG project costs to its ratepayers as of a certain date.

b. If applicable, provide a copy of the Orders with the language highlighted where the Commission found or ordered Kentucky Power to remove portions of the non-ELG capital investments related to the Mitchell plant from the allocation to Kentucky customers.

c. Identify language in the Mitchell operating agreement or amendments thereto that require that allocation change.

4. Refer to the Application page 8, paragraph 24. Refer also to Kentucky Power's IRP filed in March 2023 in Case No. 2023-00092³ in which Kentucky Power also indicated that it would be capacity short. Explain why Kentucky Power waited over two years before coming to the Commission with a Certificate of Public Convenience and

³ Case No. 2023-00092 *Electronic 2022 Integrated Resource Planning Report of Kentucky Power Company* (filed Mar. 20, 2022).

Necessity (CPCN) to address what Kentucky Power has indicated is significant capacity deficit beginning in 2028.

5. Refer to the Application, page 5, paragraph 12; page 6, paragraph 13; and page 8, paragraph 24. Refer also to Kentucky Power's IRP in Case No. 2023-00092⁴ (2023 IRP) Volume A pages 14-15 in which Kentucky Power determined that its Preferred Plan "provides the best combination of supply-side and demand-side resources, maintains affordable and stable rates for customers, maintains reliability, creates local development opportunities and reduces greenhouse gasses."

a. Confirm that the Preferred Plan in Case No. 2023-00092 included (1) operating Big Sandy through mid-2041; (2) 48 MW of additional demand side management resources between 2023 and 2037; (4) 800 MW of new solar and 700 MW of new wind by 2037; (5) 480 MW of new gas combustion turbine (CT); (6) between 70-80 MW of short-term capacity purchases through 2026; (7) a 50 MW 4-hour battery energy storage system (BESS) in 2035; and (8) 407 MW in 2028 to bridge the gap between the Mitchell Units divestiture and the addition of the new CT. If any of the foregoing cannot be confirmed, explain how the Preferred Plan differed.

b. For each of the components of the Preferred Plan, explain what actions, if any, Kentucky Power has taken toward implementing the plan.

c. If not explained above, explain the annual or seasonal short-term capacity purchases Kentucky Power has been making since the 2023 IRP was filed and any capacity purchases that are planned.

⁴ Case No. 2023-00092 *Electronic 2022 Integrated Resource Planning Report of Kentucky Power Company* (filed Mar. 20, 2022).

d. If Kentucky Power has been making short-term capacity purchases, provide and explain the costs for those purchases and how they have been recovered.

e. If not explained above, explain whether Kentucky Power still plans to operate the Big Sandy Unit for an additional 10 years through mid-2041. If so, include in the response the expected annual estimated fixed and variable stay open costs of operation.

6. Refer to the Application, page 13, paragraph 37. Explain why Kentucky Power is proposing a six-year amortization period for the regulatory asset associated with Kentucky Power's proposed share of the costs incurred by Wheeling Power Company (Wheeling Power) for its investment in the ELG Project.

7. Refer to the Wolfram Direct Testimony, page 7, lines 1-3. If the Commission were to determine that the \$20.1 million share of ELG Project costs could be recovered from Kentucky Power's ratepayers, explain why that amount should not be passed through the environmental surcharge mechanism as opposed to being amortized and collected over a 72-month period through 2031.

8. Refer to the Wolfram Direct Testimony, page 13, lines 13–16; page 14, lines 1–2; and page 15, lines 4–8. Refer also to the Direct Testimony of Alex E. Vaughan (Vaughan Direct Testimony) page 4, lines 10–19. Using Kentucky Power's most recent peak demand and energy load forecast, provide Kentucky Power's analyses explaining and demonstrating how the discussed changes in PJM's resource capacity accreditation support the contention that Kentucky Power will need an additional 280 MW of capacity, even assuming access to the Mitchell Plant capacity after December 31, 2028, and approximately an additional 880 MW if no capacity is taken from the Mitchell Plant.

9. Refer to the Wolfram Direct Testimony, page 14, Figure TSW-2, Kentucky Power Capacity Position.

a. Provide total net energy generation of the Mitchell plant in each month for the last 5 years (2020-2024) and 2025 (Jan-Jul) in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

b. Provide the capacity factor of Mitchell plant and the number of customers served by Kentucky Power in each year referenced in paragraph 9. a.

c. Compared to the Mitchell Plant, provide the annual capacity factor of the other similar plants in the region.

10. Refer to the Wolfram Direct Testimony, page 15, Figure TSW-3, Kentucky Power Capacity Position.

a. If the Commission were to approve the proposed capital investments, explain how Kentucky Power anticipates it will meet the additional winter capacity requirement of approximate 280 MW.

b. If the Commission were to deny the proposed capital investments, explain how Kentucky Power anticipates it will address the stated capacity shortfalls.

11. Refer to the Wolfram Direct Testimony, page 24, Figure TSW-4. Provide the workpapers showing the calculation of the amounts reflected in Figure TSW-4 on a monthly basis in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

12. Refer to the Wolfram Direct Testimony, page 26, lines 1–2. Refer also to the Direct Testimony of Alex E. Vaughan (Vaughan Direct Testimony), page 10, lines 1–

2. Explain each basis and provide support for depreciating the Mitchell Plant through 2040, given the range of retirement deadlines for the post-2031 alternatives.

13. Refer to Wolfram Direct Testimony, page 20. Explain the possible additional upgrades that would be required after 2031 for the Mitchell Plant to continue to operate as a coal plant and provide the estimated costs for those upgrades.

14. Refer to the Direct Testimony of Alex E. Vaughan (Vaughan Direct Testimony), page 4.

a. Explain why building a large-scale solar installation was not considered as an alternative in the analysis.

b. State whether there are other plants in AEP's system with available capacity from now through 2031 from which Kentucky Power could obtain additional capacity. If so, please explain in detail including the cost to provide that additional capacity.

c. Explain how the Mitchell Plant ranks among AEP's plants with respect to the annual capacity factor.

15. Refer to the Vaughan Direct Testimony page 4, line 19. Explain the basis for stating that 2029-2031 is the relevant period in question.

16. Refer to the Vaughan Direct Testimony page 4, lines 15–16 discussing the 2023 All-Source Request for Proposals (RFP).

a. Identify and describe each of the responses to the RFP, by identifying the type and nameplate capacity of the generation proposed, the counterparty responding to the RFP, and the timeline in which the counterparty proposed to provide the generation, and describing the material cost terms of the RFP and other proposed

terms or later amendments that would materially affected the cost or usefulness of the generation proposed.

b. Provide any analysis of the RFP responses prepared by Kentucky Power in determining whether and which proposals to accept and explain the results of Kentucky Power's analysis of the RFP responses.

17. Refer to the Vaughan Direct Testimony, page 7, lines 15–20.

a. Explain whether Kentucky Power performed any cost analysis for a new self-built generation resource in preparing the cost benefit analysis in this matter, notwithstanding Kentucky Power's assertion that new self-built generation could not be completed within the timeframe required.

b. Explain why Kentucky Power did not analyze self-building a new generation resource in 2022.

18. Refer to the Vaughan Direct Testimony, page 8, Table AEV-1 – Annual Revenue Requirements of Alternatives.

a. Provide all workpapers used to calculate each amount reflected on Table AEV-1 in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

b. Explain whether the cost for Alternative 1 – Mitchell includes the revenue requirement effects of extending Mitchell's use that Kentucky Power customers will incur from December 2025 through January 1, 2029, and if not, explain why those amounts are not included in the table.

c. If Table AEV-1 does not include the revenue requirement effects of extending Mitchell's use, provide a version of the workpapers requested in part a. that

also includes the revenue requirement effects from December 2025 through January 1, 2029.

19. Refer to the Direct Testimony of Joshua D. Snodgrass (Snodgrass Direct Testimony), page 8, Figure JDS-3.

a. Explain whether Kentucky Power or Wheeling Power filed a Certificate of Convenience and Necessity (CPCN) to construct any of the projects represented in Figure JDS-3 in their respective jurisdictions. If so, identify the projects for which a CPCN was filed in the appropriate jurisdiction and identify the case in which it was filed.

b. For the projects represented by the Figure JDS-3, explain how Kentucky Power is recovering its allocated costs or is planning to recover its allocated costs.

c. Explain whether Kentucky Power informed the Commission that it was not going to be allocated costs for the projects represented in the Figure JDS-3 and if so, when and how that information was conveyed to the Commission.

d. For each of the projects listed in part a., explain whether Wheeling Power made a request to the West Virginia Public Service Commission to bear any portion of the of the asymmetrically allocated non-ELG capital projects or annual O&M and other variable operational costs and, if so, provide a copy of the Final Order granting cost recovery.

e. For each non-ELG project, provide a comparison showing the annual costs currently being allocated to and collected from Kentucky Power ratepayers and the

costs that would have been allocated to and collected from Kentucky Power ratepayers but for the asymmetric allocation of those costs.

20. Refer to the Snodgrass Direct Testimony, Exhibit-JDS-1.

a. Refer to the Capital sheet, Row 87, Columns F-H. Provide a breakdown and supporting data for the Forecast Additional Spend through December 2025 amounts shown under the Financial category.

b. Provide the reason for any replacements (environmental and non-environmental reason) and provide the depreciation life and the first installation date for the replaced and the new items by adding them to the same excel file.

21. Refer to the Snodgrass Direct Testimony, page 6, Figure JDS-2- Mitchell Plant ELG Future Expenses.

a. Explain the forecasting methodology and provide support for any forecasted amount.

b. Provide whether Kentucky Power expects the Base Costs of Operation expenses to remain \$250 per year for the remainder of the life of the Mitchell Plant.

c. Provide whether Kentucky Power expects the Material Direct Purchase expenses to remain \$1,000 per year for the remainder of the life of the Mitchell Plant.

d. Provide support for the Non-Outage Maintenance Improvements and Schedules Outage O&M expenses differing each year.

22. Refer to the Snodgrass Direct Testimony, page 13, Figure JDS-4.
Provide support for the analysis shown in the chart.

23. Refer to the Commission's Orders in Case No. 2021-00004⁵ and Case No. 2021-00421.⁶

a. Explain how Kentucky Power has segregated the costs associated with the implementation of the Effluent Limitations Guidelines Rule (ELG Rule) to ensure that they have not previously been passed on to customers.

b. State whether any costs associated with the implementation of the ELG Rule have been passed on to Kentucky customers in the past, and if so, identify those costs that were previously passed on.

c. Provide the net book value of Kentucky Power's 50 percent interest in the Mitchell Plant.

d. Provide the annual depreciation expense and accumulated depreciation of the Mitchell Plant.

e. Provide the estimated value of Kentucky Power's undivided 50 percent interest in the Mitchell Plant that Wheeling Power needs to pay to take full ownership after December 31, 2028.

24. Refer to Kentucky Power's 2023 IRP, Volume A, Section 5.0, pages 86–111. For each potential resource, provide a description of and an update to the IRP Section 5 resource costs using the most recent potential resource costs available.

⁵ See Case No. 2021-00004 *In the Matter of: Electronic Application of Kentucky Power Company for Approval of a Certificate of Public Convenience and Necessity for Environmental Project Construction at the Mitchell Generating Station, an Amended Environmental Compliance Plan, and Revised Environmental Surcharge Tariff Sheets* (filed Feb 8, 2021).

⁶ See Case No. 2021-00421 *In The Matter Of: Electronic Application Of Kentucky Power Company For Approval Of Affiliate Agreements Related To The Mitchell Generating Station* (filed Nov. 19, 2021).



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