

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. TO TRANSFER)	CASE NO.
FUNCTIONAL CONTROL OF CERTAIN)	2012-00169
TRANSMISSION FACILITIES TO PJM)	
INTERCONNECTION, LLC)	

O R D E R

This matter arises upon the joint petition of Louisville Gas and Electric Company (“LGE”) and Kentucky Utilities Company (“KU”), filed May 10, 2012, for full intervention. LGE and KU are investor-owned utilities providing service to customers in the Commonwealth of Kentucky and are subject to the jurisdiction of this Commission. Their petition states that they own and operate a transmission system that spans most of the state and is heavily interconnected with East Kentucky Power Cooperative, Inc.’s (“East Kentucky”) transmission system. On this basis they claim that the decision in this case will have direct operational impacts on their system and that they have a direct and substantial interest in the outcome of this proceeding. They further state that they intend to play a constructive role in this case and their experience with regional transmission organization (“RTO”) issues will enable them to present issues and develop facts that will assist the Commission in this case.

On May 22, 2012, East Kentucky filed a response in opposition to the intervention by LGE and KU. East Kentucky states that LGE and KU do not have an interest in the rates or service of East Kentucky and they have not presented any factual

or legal support to justify intervention. Further, East Kentucky claims that the experience of LGE and KU with RTOs will have little probative value here since this case involves a different utility (East Kentucky) and a different RTO (PJM Interconnection, LLC). East Kentucky notes that LGE and KU never requested to intervene in prior Commission cases involving utilities requesting authority to transfer functional control of transmission facilities to a RTO and asserts that operational impacts on utilities arising from transmission issues are within the exclusive jurisdiction of the Federal Energy Regulatory Commission ("FERC"). East Kentucky concludes by stating the LGE and KU do not have a special interest sufficient to grant intervention and their participation would unduly complicate or disrupt this proceeding.

LGE and KU then filed a reply on May 29, 2012, reasserting the existence of multiple interconnections with East Kentucky and that its operations can impact and affect their rates and service because they serve each other's retail customers over each other's facilities. They also note that in two prior cases involving LGE and KU, East Kentucky requested and was granted intervention based on the multiple interconnections of their transmission systems.¹ The reply further states that LGE, KU, and East Kentucky are members of a reserve sharing group and, although East

¹ Case No. 2000-00095, *In the Matter of Joint Application of Powergen PLC, LG&E Energy Corp., Louisville Gas and Electric Company, and Kentucky Utilities Company for Approval of a Merger* (Ky. PSC Apr. 18, 2000); and Case No. 2001-00104, *Joint Application of E.ON AG, Powergen PLC, LG&E Energy Corp., Louisville Gas and Electric Company, and Kentucky Utilities Company for Approval of an Acquisition* (Ky. PSC Jun. 8, 2001).

Kentucky's application states an intent to maintain that group,² its RTO membership may impact generating unit dispatch which will affect the operations, rates, and service of LGE and KU.

On June 1, 2012, East Kentucky filed a sur-reply, again arguing that LGE and KU have presented no facts or legal basis to support their intervention and reasserting that any issue arising from the interconnections of their transmission systems is within FERC's exclusive jurisdiction. East Kentucky also differentiates its intervention in two prior cases involving the transfer of ownership and control LGE and KU, claiming that those cases involved domestic utilities being acquired by foreign companies, whereas here the proposed transfer is limited to functional control of transmission facilities to a long established domestic RTO. Finally, East Kentucky argues that the reserve sharing group is a non-issue in this case, citing what it characterizes as the uncontroverted testimony in its application that RTO membership will not have an adverse impact on any of the reserve sharing partners.³

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that the transmission systems of East Kentucky, LGE, and KU have multiple interconnections and each system is used to serve the other's retail customers. These facts form a sufficient basis to justify an inquiry in this case into the impacts, if any, of East Kentucky's proposed membership in PJM on the operations, rates, and service of LGE and KU. The Commission previously found these transmission interconnections to be sufficient to allow East Kentucky to intervene in prior cases

² Application at 14.

³ Sur-reply at 3.

involving transfers of control of LGE and KU, and we will now follow these precedents to allow LGE and KU to intervene here.

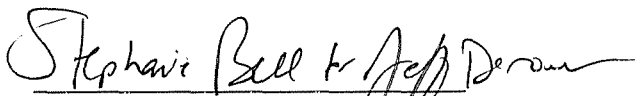
In addition, while East Kentucky asserts that membership in PJM will have no adverse impact on the existing reserve sharing group, that assertion raises issues of fact which could have an impact on the operations of LGE and KU, as well as on generating unit dispatch. For these reasons, the Commission also finds that LGE and KU have a special interest sufficient to justify their intervention. The Commission further finds that their intervention is likely to present issues and develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings and they should be granted full rights of a party in this proceeding.

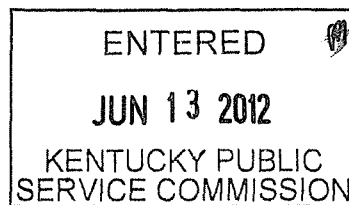
IT IS HEREBY ORDERED that:

1. The joint petition of LGE and KU to intervene is granted.
2. LGE and KU shall be entitled to the full rights of a party and shall be served with the Commission's Orders and with filed testimony, exhibits, pleadings, correspondence, and all other documents submitted by parties after the date of this Order.
3. Should LGE and KU file documents of any kind with the Commission in the course of these proceedings, LGE and KU shall also serve a copy of said documents on all other parties of record.

By the Commission

ATTEST:


Executive Director



Honorable Jason R Bentley
Attorney at Law
McBrayer, McGinnis, Leslie & Kirkland PLLC
305 Ann Street
Suite 308
Frankfort, KENTUCKY 40601

Mark David Goss
Frost, Brown, Todd, LLC
250 West Main Street
Suite 2800
Lexington, KENTUCKY 40507

Jennifer B Hans
Assistant Attorney General's Office
1024 Capital Center Drive, Ste 200
Frankfort, KENTUCKY 40601-8204

Honorable Michael L Kurtz
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

Allyson K Sturgeon
Senior Corporate Attorney
LG&E and KU Services Company
220 West Main Street
Louisville, KENTUCKY 40202

Ann F Wood
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707