

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY UNDER)
KRS 278.020 AND 807 KAR 5:001,) CASE NO. 8507
SECTIONS 7 AND 8, TO CONSTRUCT AND)
OPERATE THREE 345 kV SUBSTATIONS AND)
RELATED EQUIPMENT AT AN ESTIMATED)
TOTAL COST OF \$15,040,500)

O R D E R

Big Rivers Electric Corporation ("Big Rivers") filed its application on April 20, 1982, for a certificate of convenience and necessity to construct three 345 kV substations and related equipment, and for approval to use funds saved by elimination of the construction of some transmission lines for construction of the substations. One of the substations will be located in the immediate vicinity of Big Rivers' Reid Station in Webster County, Wilson Station in Ohio County and Coleman Station in Hancock County.

By its Order dated June 17, 1980, in Case No. 7557, the Commission granted Big Rivers a certificate of convenience and necessity to construct and operate, among other things, two 345 kV transmission lines ("Reid-Wilson-Coleman lines") and two 161 kV transmission lines ("Providence-Wilson-Hardinsburg lines"). By its Order dated November 13, 1980, the Commission authorized

Big Rivers to borrow the funds to finance the construction of these lines. The original plans were to operate the Reid-Wilson-Coleman lines at 161 kV until 1992 at which time they would be converted to 345 kV operation and the three 345 kV substations would be constructed. A recently completed study by Big Rivers' consulting engineers indicates that it will be more economical to operate the lines at 345 kV initially instead of 161 kV and additionally, that this mode of operation will eliminate the need to construct the Providence-Wilson-Hardinsburg lines.

A hearing was held on June 9, 1982, in the Commission's offices at Frankfort, Kentucky, and all parties of interest were allowed to be heard. There were no intervenors, and no protests were entered.

The Commission, after consideration of the application and all evidence of record and being advised, is of the opinion and finds that:

1. Operation of the Reid-Wilson-Coleman lines at 345 kV over their entire useful life will cost approximately \$41,166,000 whereas initial operation at 161 kV and conversion to 345 kV in 1992 will cost approximately \$46,699,000.

2. Initial operation of the Reid-Wilson-Coleman lines at 345 kV will require the immediate construction of three 345 kV substations at an estimated cost of \$15,040,500. This mode of operation will eliminate the need to construct the Providence-Wilson-Hardinsburg lines, thereby saving approximately \$23,466,700 for a net saving of approximately \$8,426,200.

3. The proposed substations and related equipment will not duplicate nor compete with the facilities of any other public utility.

4. Public convenience and necessity require that such construction as is proposed in the application and record be performed and a certificate of convenience and necessity be granted.

5. The cost of construction proposed in the application and record will be more than off-set by the funds realized from elimination of the construction of the Providence-Wilson-Hardinsburg lines, which funds should be used for construction of the 345 kV substations and related equipment.

IT IS THEREFORE ORDERED that Big Rivers be and it hereby is granted a certificate of public convenience and necessity to proceed with the construction of three 345 kV substations and related equipment as set forth in the application and record.

IT IS FURTHER ORDERED that Big Rivers shall use the funds saved by eliminating the construction of the Providence-Wilson-Hardinsburg lines for the construction of the 345 kV substations and related equipment as set forth in the application and record.

IT IS FURTHER ORDERED that Big Rivers shall make regular progress reports to the Commission noting the percentage of construction completed and total funds expended to date. These reports shall commence 3 months after the start of construction and every 3 months thereafter until construction has been completed.

Done at Frankfort, Kentucky, this 21st day of June, 1982.

PUBLIC SERVICE COMMISSION

Martin M. Voh
Chairman

Katherine Brudace
Vice Chairman

Len Carver
Commissioner

ATTEST:

Secretary