

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR AN ORDER DECLARING)	
THE GREEN VALLEY AND LAUREL RIDGE)	CASE NO.
LANDFILL GAS TO ENERGY PROJECTS TO BE)	2002-00474
ORDINARY EXTENSIONS OF EXISTING SYSTEMS)	
IN THE USUAL COURSE OF BUSINESS)	

O R D E R

On December 2, 2002, East Kentucky Power Cooperative, Inc. (East Kentucky) filed an application requesting the Commission to declare that East Kentucky's Green Valley and Laurel Ridge Landfill Gas to Energy (LFGTE) projects are ordinary extensions of existing electric systems in the usual course of business and that a Certificate of Public Convenience and Necessity will not be required prior to constructing the proposed facilities.

East Kentucky intends to construct, own, and operate two LFGTE projects. The Green Valley project concerns the development of an initial 2.4 MW LFGTE facility to be located on a landfill site near Grayson, Kentucky.¹ The Laurel Ridge project concerns the development of a 4.0 MW base load LFGTE facility. In its application, East Kentucky states that both projects will, through the use of renewable resources, provide economical electric energy to East Kentucky's members.

¹ East Kentucky plans to expand the Green Valley project to 3.2 MW in 2007. See Application Exhibit 1 at 1.

KRS 278.020 requires a Certificate of Public Necessity and Convenience for the construction of any new facilities that furnish regulated utility services to the public. However, the statute allows an exemption from this requirement if the new facilities are ordinary extensions of existing systems in the usual course of business. Commission regulations define ordinary extensions as extensions that do not create wasteful duplication of plant and facilities, conflict with existing certificates or service of other utilities, involve sufficient capital outlay to materially affect the existing financial condition of the utility, or result in increased charges to its customers.²

After carefully reviewing the information submitted in the record, the Commission finds that the Green Valley and Laurel Ridge projects represent ordinary extensions of existing systems in the usual course of business within the meaning of KRS 278.020 and, therefore, a Certificate of Public Convenience and Necessity will not be required.

The proposed facilities meet the standards outlined in 807 KAR 5:001, Section 9. With an individual investment requirement of approximately \$5 million,³ the cost to construct and operate the facilities will not materially affect East Kentucky's financial condition or result in an increase in East Kentucky's wholesale power rates. In fact, both projects may qualify for certain federal renewable energy incentive payments, which could further reduce the cost of power generated.⁴

The facilities will not conflict with the existing certificates or service of other utilities under Commission jurisdiction. Also, because the facilities will be constructed

² 807 KAR 5:001, Section 9.

³ Application at 2.

⁴ Application at 3.

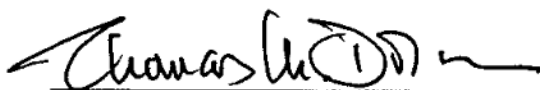
on leased portions of landfills and will connect to East Kentucky's transmission facilities, the projects will not create wasteful duplication of plant, equipment, property, or facilities.

IT IS THEREFORE ORDERED that the Green Valley and Laurel Ridge LFGTE projects represent ordinary extensions of existing systems in the usual course of business and a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020(1) and 807 KAR 5:001, Section 9(3), is not required.

Done at Frankfort, Kentucky, this 3rd day of March, 2003.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas H. [unclear]", written over a horizontal line.

Executive Director