

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY)	
POWER COOPERATIVE, INC. FOR)	
A CERTIFICATE OF PUBLIC CONVENIENCE)	
AND NECESSITY TO CONSTRUCT A)	CASE NO. 2004-00320
161 KV SUBSTATION AND TRANSMISSION)	
LINE IN SPENCER COUNTY, KENTUCKY)	

O R D E R

This matter is before the Commission on the application of East Kentucky Power Cooperative, Inc. ("East Kentucky") for a Certificate of Public Convenience and Necessity ("CPCN") to construct a substation and approximately 6.3 miles of 161 kilovolt ("KV") transmission tap line from East Kentucky's Bullitt County/Shelby County 161 KV line in Spencer County, Kentucky to that new substation. The Kentucky General Assembly amended KRS 278.020 in 2004 to require that a utility obtain a CPCN before constructing any electric transmission line of 138 KV or more and of more than 5,280 feet in length. The emergency regulation, 807 KAR 5:120E, was in effect when East Kentucky filed its application and notice of intent to file its application.

Pursuant to 807 KAR 5:120E, East Kentucky sent a notice to each property owner whose property the transmission line is proposed to cross and published a notice of intent to construct the proposed transmission line in the *Spencer Magnet*, a newspaper of general circulation in Spencer County, Kentucky.¹ East Kentucky

¹ Application Exhibit X.

submitted its application to the Commission on December 14, 2004. After East Kentucky supplemented its application to correct certain deficiencies found by the Commission in the initial application,² the application was found to be complete and was officially filed on January 11, 2005.

The Commission entered procedural Orders on January 13 and 21 and February 11 and 23, 2005, setting, among other deadlines, dates for interventions, filing of testimony, and hearings in Taylorsville and Frankfort. The Commission's investigation of the need for the proposed transmission line included a review of East Kentucky's engineering studies and data by Commission Staff and the Commission's consultant, ICF Resources LLC ("ICF"). ICF filed its report on February 15, 2005 ("ICF Report")³. East Kentucky responded to two sets of data requests from Commission Staff. The Commission received protest letters from three individuals, but no one intervened in the case.

The Commission held a local public hearing on March 3, 2005 at the offices of the Taylorsville-Spencer County Joint Planning and Zoning Commission, 20 West Main Street, Taylorsville, Kentucky. One member of the public attended the hearing,⁴ and he did not testify.

The Commission held a technical, evidentiary hearing at its offices in Frankfort, Kentucky on March 8, 2005. Just prior to that date, on March 4, 2005, the Commission

² To supplement its original application, East Kentucky filed its Response to the January 6, 2005 Deficiency Letter from the Public Service Commission on January 11, 2005.

³ ICF filed a revision the following day to correct a typographical error.

⁴ Moreover, the individual who attended that hearing was not one of the three people who sent protest letters to the Commission.

received a protest letter from F. Pauline Patton. Although in her letter she admitted that she had received notice of this case by letter dated September 30, 2004, her protest letter was her first contact with the Commission. The letter made reference to future intervention in these and other proceedings. Because the deadline to intervene in this case had since expired, however, the Commission denied intervention. Ms. Patton did not attend the local public hearing, nor did she or her representative appear at the evidentiary hearing. Her letter was therefore entered into the record as an exhibit at the Frankfort hearing.

East Kentucky stated that the proposed facilities are needed to provide Salt River Electric Cooperative Corporation ("Salt River") customers in the Little Mount area with adequate and reliable service. Salt River indicated that the Little Mount area has experienced serious load growth, which has created a severe strain on the existing distribution facilities. Problems in this area range from low voltage to outages caused when protective devices are overloaded due to high flows of current. Salt River considered several distribution solutions to correct the problem in the area. The two most feasible solutions were to rebuild the existing line served from the Taylorsville substation to the Little Mount area or to construct a new express feeder from the Darwin Thomas substation to the Little Mount area. East Kentucky's estimate of the cost of the proposed substation and transmission line is \$2,589,000. Salt River stated that upgrading the existing lines would cost approximately \$1.2 million more than that amount, and it would not improve reliability as much as having a new substation located in the Little Mount area. While the express feeder from the Darwin Thomas substation would provide an immediate solution for problems in the Little Mount area, the proposed

East Kentucky facilities would still need to be constructed, but in 2011 instead of now. Salt River states that constructing a new substation in the Little Mount area would provide better reliability and voltage support for the customers in that area.

In the report filed by the Commission's consultant, ICF concluded that there is a need for an upgrade of the distribution infrastructure to the Little Mount area. The existing distribution facility supplying power to the Little Mount area is close to its design capacity and could pose a reliability risk. The ICF review shows that the construction of the proposed transmission lines and substation in the Little Mount area is technically feasible. ICF also reviewed the option of constructing the express feeder from the Darwin Thomas substation to the Little Mount area and delaying the construction of the proposed transmission facilities until 2011. ICF found this alternative to be technically feasible as well. ICF maintained, however, that if there is likelihood of even faster load growth than projected or of growth spikes, then the construction of the proposed transmission lines and the substation is a preferable alternative.

The Commission concludes that the proposed transmission project is required to assure the reliability of power service to Salt River's retail customers. The proposed transmission facilities are required to provide economical and reliable service to the Little Mount area. We further find that East Kentucky has established both a need and a demand for the proposed project. In addition, we find that, based on the study of alternatives to the proposed transmission line performed by East Kentucky, the proposed line is the most effective solution to resolve the reliability concerns. Finally, the proposed construction will not result in an unreasonable duplication of facilities.

The Commission, having considered the evidence and testimony offered in this proceeding and being otherwise sufficiently advised, finds that East Kentucky should be granted a CPCN to construct the proposed substation and transmission line.

IT IS THEREFORE ORDERED that:

1. East Kentucky is granted a CPCN to construct and operate the proposed substation and transmission line as set forth in its application.
2. East Kentucky shall file "as-built" drawings or maps within 60 days of the completion of the construction authorized by this Order.

Done at Frankfort, Kentucky, this 30th day of March, 2005.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above the text 'Executive Director'.

Executive Director