

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF LOUISVILLE)
GAS AND ELECTRIC COMPANY AND)
KENTUCKY UTILITIES COMPANY)
FOR A CERTIFICATE OF PUBLIC) CASE NO. 2004-00507
CONVENIENCE AND NECESSITY, AND)
A SITE COMPATIBILITY CERTIFICATE,)
FOR THE EXPANSION OF THE TRIMBLE)
COUNTY GENERATING STATION)

O R D E R

Louisville Gas and Electric Company and Kentucky Utilities Company (“Applicants”) filed a joint application for approval to construct a 750 MW super-critical pulverized coal-fired generating unit at their Trimble County Generating Station on December 17, 2004. On February 21, 2005, the International Brotherhood of Electrical Workers, Local 2100 and the Greater Louisville Building and Construction Trades Council (“Intervenors”) moved for full intervenor status in this case. As part of that filing, Intervenors gave notice that they intended “to seek the Commission’s Order that any construction contract secure the construction and related work to the economic benefit of the local area.” On March 4, 2005, the Commission granted the motion to intervene, but found that the Intervenors “must limit the issues they address in this case to those properly before the Commission.”

On April 22, 2005, Intervenors prefiled the testimony of Larry L. Roberts. On April 28, 2005, Applicants moved to strike that testimony in its entirety on the basis that

the questions “call for answers that squarely address the exact issues the Commission has deemed to be outside the scope of this case.”

Initially, the Commission notes that the Motion to Strike is overly broad. The first two pages of the Roberts testimony are introductory and do not deal with any of the controverted issues. With regard to the remainder of the testimony, the Commission recognizes that the subjects Roberts explores may be close to the line discussed in the Commission’s March 4, 2005 Order. The problem in this case, however, is that we cannot draw that line as precisely and distinctly as the Applicants urge. Unmistakably, the March 4, 2005 Order rejected Intervenors’ intention “to seek the Commission’s Order that any construction contract secure the construction and related work to the economic benefit of the local area.”

Nevertheless, the Kentucky State Board on Electric Generation and Transmission Siting (“Siting Board”) will soon have before it a parallel application from the Illinois Municipal Electric Agency and the Indiana Municipal Power Agency (“Municipal Agencies”), Case No. 2005-00152,¹ for this same generating plant. The Siting Board has different standards and jurisdiction than does the Commission, and we believe it is important that Orders from the two sister agencies not be in direct conflict.

One of the factors that the statutes require the Siting Board to consider in reaching a decision is “[t]he economic impact of the facility upon the affected region and the state.” KRS 278.710(1)(c). In prior cases, to meet that criterion, the Siting Board has imposed conditions in its final Orders such as the following from the application of

¹ Case No. 2005-00152, Notice of Intent to File an Application For Approval of the Illinois Municipal Electric Agency and the Indiana Municipal Power Agency 25% Ownership of the Proposed Trimble County Merchant Electric Generating Facility.

Estill County Energy Partners, LLC (“ECEP”): “ECEP shall make reasonable efforts to hire workers, vendors, and contractors from the local area.” Condition H from Appendix A, October 12, 2004, Order in Case No. 2002-00172.² In the present case, the Commission has contracted with BBC Research & Consulting to provide a review and evaluation of the site assessment reports of both the Applicants in this case and the Municipal Agencies in the Siting Board case. That report includes the following recommendation: “LG&E should encourage its contractors to consider hiring locally qualified construction workers, where possible.” Recommendation 11 from Section D, April 11, 2005, BBC Review and Evaluation of Trimble County Unit 2 Site Assessment Report.

The Commission specifically points out that the Roberts testimony does not seek an Order “that any construction contract secure the construction and related work to the economic benefit of the local area,” but simply supports the issue of local employment generally. While the testimony may come very close to the line, that line, as noted earlier, is not as precise and distinct in this case as argued by the Applicants. Under the circumstances, the Commission believes it should admit the testimony and give it appropriate weight in the decision-making process. The Commission therefore finds that the Motion to Strike should be denied.

IT IS THEREFORE ORDERED that Applicants’ Motion to Strike the prefiled testimony of Larry L. Roberts is denied.

² Case No. 2002-00172, The Application of Estill County Energy Partners, LLC, For a Certificate to Construct a Coal Combustion/Electric Generating Facility.

Done at Frankfort, Kentucky, this 12th day of May, 2005.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and flourishes, positioned above a horizontal line.

Executive Director