

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY POWER)
COMPANY FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY TO) CASE NO. 2005-00101
CONSTRUCT A 161 KV TRANSMISSION LINE)
IN LESLIE COUNTY, KENTUCKY)

O R D E R

On June 17, 2005, Kentucky Power Company ("Kentucky Power") filed an application for a Certificate of Public Convenience and Necessity ("CPCN") to construct approximately 1.08 miles of 161 kilovolt ("kV") transmission line and, to the extent a CPCN is required, a 161 kV substation, known as the Wooten Station. All of the proposed facilities will be located in Leslie County, Kentucky, and the estimated total cost of the proposed facilities is \$4,215,000.

Kentucky Power's application was filed in compliance with the 2004 amendments to KRS 278.020(2), which require a utility to obtain a CPCN before constructing any electric transmission line of 138 kV or more and of more than 5,280 feet in length. By Orders dated July 11, 2005 and August 5, 2005, the Commission issued procedural schedules which established dates for intervention, discovery, and hearings, if needed. Pursuant to 807 KAR 5:120, Kentucky Power 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 *Leslie County News*, a newspaper of general circulation in Leslie County, Kentucky. The Commission has

received no protest to the proposed construction and no request to intervene in the case.

Kentucky Power stated that the proposed facilities are needed to interconnect its Hazard-Pineville 161 kV line and Louisville Gas and Electric Company's ("LG&E") Arnold-Delvinta 161 kV line. Recent power flow studies for winter peak load conditions indicate that single-contingency outage conditions may load various Kentucky Power facilities to levels above their winter capabilities. These same single-contingency outages may produce extreme Hazard Area voltage concerns, including drops below 85 percent of nominal. Such voltage and thermal conditions may jeopardize service to over 350 MW of load in Kentucky Power's Hazard Area.

Kentucky Power has proposed to address these conditions by interconnecting its transmission facilities with LG&E's Arnold-Delvinta 161 kV circuit. The interconnection will be provided by the proposed transmission line and station. The interconnection will provide an additional transmission resource into the Hazard Area and thereby provide single-contingency reliability to 350 MW of load in the Hazard Area, improve service, and enhance single-contingency voltage conditions.

The Commission retained a consultant, Barrington-Wellesley Group, Inc. ("Barrington-Wellesley"), to conduct an independent review of Kentucky Power's need for the proposed facilities. In a report filed on July 21, 2005, Barrington-Wellesley concluded that: (1) there is a need for Kentucky Power to reinforce its transmission system in the Hazard Area to ensure an adequate and reliable power supply to the area loads; and (2) of the alternative solutions available, the facilities proposed by Kentucky Power are the most technically and economically viable.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that the proposed transmission facilities are needed to assure the reliability of electric service to Kentucky Power's Hazard Area. Considering Kentucky Power's analysis of alternatives to the proposed transmission facilities, the Commission also finds that the proposed line is the most effective solution to resolve the reliability concerns. Further, the proposed facilities will not result in wasteful duplication of facilities and there are no existing rights-of-way that could be utilized.

Finally, the Commission finds that under the circumstances of this case, Kentucky Power does need a CPCN to construct the Wooten Station. That facility is an integral part of the proposed transmission line. Absent the Wooten Station, the proposed transmission line would be unable to properly function.

IT IS THEREFORE ORDERED that:

1. Kentucky Power is granted a CPCN to construct and operate 1.08 miles of 161 kV transmission line and the Wooten Station, all located in Leslie County, Kentucky, as set forth in its application.
2. Kentucky Power 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 19th day of September, 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 a horizontal line.

Executive Director