

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC)	
CORPORATION FOR APPROVAL OF ELECTRICAL)	CASE NO.
INTERCONNECTION SERVICE TO)	2005-00300
THOROUGHBRED GENERATING COMPANY, LLC)	

O R D E R

On July 17, 2003, Thoroughbred Generating Company, LLC (“Thoroughbred”) filed with the Kentucky State Board on Electric Generation and Transmission Siting (“Siting Board”) its Application for a Merchant Generating Facility in Muhlenberg County, which the Siting Board approved on December 5, 2003. The Order conditionally granted Thoroughbred a certificate to construct its generating project, setting forth the parameters of an Interconnection and Operating Agreement (“IOA”) between Thoroughbred and Big Rivers Electric Corporation (“Big Rivers”) to be submitted to the Kentucky Public Service Commission for approval.

The Siting Board’s Order specifically states:

Thoroughbred and Big Rivers are put on notice that any agreement negotiated between them regarding transmission interconnect issues shall comply in all respects with KRS 278.212(2). Thoroughbred shall hold Big Rivers, KU, and LG&E harmless for costs of any and all interconnection and network upgrade costs. Kentucky ratepayers may not be required to subsidize Thoroughbred’s investment contrary to the provisions of KRS 278.212(2) and contrary to this Board’s mandate to ensure economically favorable results when reviewing an application to construct a merchant power plant. Moreover, Thoroughbred shall agree to pay its fair allocated share of operating and maintenance costs of the transmissions system. Failure to comply in all respects with this condition shall render the certificate granted herein void.

On July 15, 2005, Big Rivers filed its agreement with the Commission seeking approval of a May 25, 2005 IOA to provide electric transmission interconnection service to Thoroughbred. Thoroughbred has intervened in this case, and two other parties to the Siting Board case, Kentucky Utilities Company and Gary Watrous, have filed letters indicating they do not object to the proposed IOA. After initial review of the IOA, the Commission issued a data request to which Big Rivers responded on September 26, 2005.

The IOA establishes the terms and conditions under which Thoroughbred will develop and construct the facilities needed to interconnect the proposed Thoroughbred generating facility with the Big Rivers transmission system, and provides for each party's respective rights, obligations, and liabilities for the ongoing operation of the Thoroughbred generating plant and the Big Rivers transmission system.

The IOA requires that Thoroughbred pay all costs associated with the construction, operation, and maintenance of the facilities needed to interconnect the Thoroughbred generating plant, pursuant to KRS 278.212(2), with the Big Rivers transmission system. It further provides for Thoroughbred to construct, own, and operate at its expense the interconnection facilities, all of which are located on the Thoroughbred side of the point of interconnection.

Thoroughbred will design and construct, at its cost, the upgrades needed on the Big Rivers transmission system to accommodate the additional power flows that will result from the operation of the Thoroughbred generating plant. Once completed and placed into service, the Network Upgrades will be owned, operated, and maintained by Big Rivers.

The IOA further sets forth the respective operation and maintenance responsibilities of Thoroughbred and Big Rivers and establishes a mutually-represented Coordinating Committee that will administer all included provisions.

The IOA ensures that the interconnection of the Thoroughbred facility with Big Rivers transmission system will not jeopardize the reliability of the Big Rivers system and that Thoroughbred will bear the costs and expenses associated with the Network Upgrades required to accommodate Thoroughbred's load.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the terms and conditions stated in the IOA are in compliance with the requirements of KRS 278.212(2) and are fair, just, reasonable, and non-discriminatory.

IT IS THEREFORE ORDERED that the request for approval of the Big Rivers / Thoroughbred IOA is granted.

Done at Frankfort, Kentucky, this 8th day of November, 2005.

By the Commission

ATTEST:


Executive Director

Case No. 2005-00300