

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY POWER)	
COMPANY FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY TO)	2009-00235
CONSTRUCT A 138 KV TRANSMISSION LINE)	
IN PERRY COUNTY, KENTUCKY)	

O R D E R

On August 14, 2009, Kentucky Power Company (“Kentucky Power”) filed an application seeking a Certificate of Public Convenience and Necessity (“CPCN”) to construct a 1.44-mile 138 kV transmission line in Perry County, Kentucky. In processing this matter, the Commission established a procedural schedule providing for one round of discovery and a deadline for intervention and hearing requests. The Commission has received no protest to the proposed construction and no request to intervene in the case. The Commission has also received no request for a hearing. Therefore, this matter now stands submitted to the Commission for a decision. For the following reasons, the Commission grants Kentucky Power’s request for a CPCN.

FACTUAL BACKGROUND

Kentucky Power seeks authority to remove approximately 1.04 miles of the existing Beaver Creek-Hazard 138 kV line and in its place construct approximately 1.44 miles of 138 kV transmission line. The portion of the line to be removed is located within a right-of-way granted by Colony Coal & Coke Corporation (“Colony Coal”) and Kenmont Coal Company to Kentucky Power pursuant to an April 1, 1930 agreement. Under the terms of this agreement, Kentucky Power agreed to relocate its power line

whenever Colony Coal, its lessees, successors or assigns reasonably require a change of location of the power line.

LEECO, Inc. ("LEECO"), a lessee of ACIN, LLC,¹ has requested that Kentucky Power relocate the 1.04-mile section of the existing Beaver Creek-Hazard 138 kV transmission line. According to the application, this relocation is required to accommodate LEECO's elevation of its Buckeye Hollow mining impoundment. Failure to relocate this transmission line would eventually result in a National Electric Safety Code ("NESC") vertical clearance violation as the LEECO slurry pool rises.

The proposed 138 kV transmission line will be constructed by placing a three-pole running corner structure on the existing right-of-way centerline. Kentucky Power will construct 1.44 miles of three 397,000 MCM ASCR conductor and two 7#8 alumoweld shield wire line utilizing two- and three-pole standard 138 kV WPE steel pole H-Frame structures. Kentucky Power will place a second three-pole running corner structure to rejoin the existing centerline.

The total cost of the project is estimated to be \$1.375 million. The proposed transmission line is projected to cost \$1,370,000. Related distribution work is projected to cost \$4,700. The proposed construction does not involve sufficient capital outlay to materially affect the financial condition of Kentucky Power. Kentucky Power will finance the construction of this project through internally generated funds. After the proposed facilities are completed, their estimated annual cost of operation will be approximately \$1,000.

¹ ACIN, LLC is a successor in interest to Colony Coal & Coke Company.

DISCUSSION

The issues to be decided in an application for a CPCN to construct facilities are (1) whether the facilities are needed, and (2) whether the construction will result in a wasteful duplication of facilities. Kentucky Utilities Company v. Public Service Commission, 252 S.W.2d 885 (Ky. 1952). Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that the proposed relocation of the Beaver Creek-Hazard transmission line is needed to avoid a violation of the NESC clearance rules. 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 clearance 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.

IT IS THEREFORE ORDERED that:

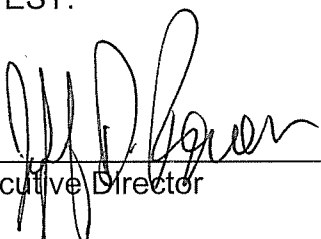
1. Kentucky Power is granted a CPCN to construct and operate the proposed 1.44 miles of transmission line, in Perry County, Kentucky as set forth in its application.
2. Kentucky Power shall file "as-built" drawings or maps within 60 days of completion of the construction authorized by this Order.

By the Commission

Commissioner Border abstains.

ENTERED *EW*
NOV - 6 2009
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Honorable Mark R Overstreet
Attorney at Law
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KY 40602-0634

Errol K Wagner
Director Regulatory Services
American Electric Power
101A Enterprise Drive
P. O. Box 5190
Frankfort, KY 40602