

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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|-----------------------------------|---|------------|
| APPLICATION OF KENTUCKY UTILITIES |) | |
| COMPANY CONCERNING THE NEED TO |) | |
| OBTAIN CERTIFICATES OF PUBLIC |) | CASE NO. |
| CONVENIENCE AND NECESSITY FOR THE |) | 2009-00325 |
| CONSTRUCTION OF TEMPORARY |) | |
| TRANSMISSION FACILITIES IN HARDIN |) | |
| COUNTY, KENTUCKY |) | |

O R D E R

On September 3, 2009, Kentucky Utilities Company (“KU”) filed an application seeking Certificates of Public Convenience and Necessity (“CPCN”) to construct two temporary 345 kV transmission line segments in Hardin County, Kentucky. The first temporary line, known as the CDH Temporary Line, will be 1.45 miles in length. The second temporary line, known as the Jent Temporary Line, will be 1.78 miles in length. KU states that the temporary line segments are necessary to complete the 42-mile transmission line running from Louisville Gas and Electric Company’s Mill Creek Generating Station in Jefferson County, through Bullitt, Meade, and Hardin counties, to the KU Hardin County Substation in Elizabethtown (“MC-HC line”). The projected cost of the proposed temporary facilities is \$6.9 million, which will be internally financed by KU.

By Order dated September 29, 2009, the Commission extended the time to process the case from 90 days to 120 days, pursuant to KRS 278.020(8). The September 29, 2009 Order also established a procedural schedule providing for two rounds of discovery and setting deadlines for intervention and hearing requests. Having

received no requests for a hearing, the matter now stands submitted to the Commission for a decision. For the following reasons, the Commission grants KU's CPCN requests.

FACTUAL BACKGROUND

KU seeks authority to construct two temporary transmission line segments in order to complete the MC-HC line. Although KU has obtained a CPCN to construct the MC-HC line,¹ the company has been unable to begin construction of two segments of that transmission line due to litigation delays in obtaining the necessary easements. KU maintains that it must build the proposed temporary transmission segments to work around the parcels whose owners have created the litigation delays and to energize the entire MC-HC line at the time that its Trimble County 2 Generating Unit ("TC2") goes on line.

The CDH Temporary Line will be 1.45 miles in length and located 2,647 feet, at its farthest point, from the center line of the MC-HC line. The estimated total cost of the CDH Temporary Line is \$3 million. The Jent Temporary Line will be 1.78 miles in length and located 3,390 feet, at its farthest point, from the center line of the permanent MC-HC line. The estimated total cost of the Jent Temporary Line is \$3.9 million. The projected cost for the proposed project will not have a material impact on KU or its rates.

KU notes that it has obtained options to purchase temporary easements from all of the landowners who will be affected by the proposed temporary transmission lines. The options are for an initial three-year easement term, with options for up to seven

¹ Case No. 2005-00467, Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for the Construction of Transmission Facilities in Jefferson, Bullitt, Meade, and Hardin Counties, Kentucky (Ky. PSC May 26, 2006).

additional one-year terms. Thus, according to KU, no condemnation or other property-right-related proceedings will be necessary to build the proposed temporary transmission lines. Nonetheless, KU emphasizes that it clearly intends, once the litigation delays are resolved, to remove all temporary structures and lines, restore the affected properties, and to complete the MC-HC line as previously approved.² KU contends that because of their temporary nature, the temporary transmission facilities will not result in wasteful duplication of facilities.

KU further notes that it has retained PhotoScience, Inc. and has worked with the affected landowners to determine the best routes for the temporary lines. KU ultimately selected routes to avoid those parcels that are the subject of litigation and to affect as few additional parcels as possible.³

DISCUSSION

The Commission's consideration of the proposed temporary transmission line segments included a review of KU's engineering studies and data and the report of the Commission's retained consultant, the Liberty Consulting Group ("Liberty"). Liberty filed its report analyzing KU's proposal on October 13, 2009. The report concluded that the CDH and Jent bypass routes were reasonable and appeared to take the most direct paths around the properties in litigation. The report further concluded that, in its siting, KU appropriately considered the needs of the property owners from whom KU acquired the easements, and chose paths that avoided built-up areas.

² Application at 7.

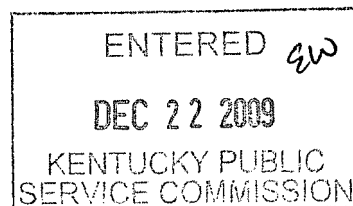
³ Application at 6.

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 temporary transmission lines are needed to avoid delay in energizing the entire MC-HC line at the time that TC2 goes on line. The Commission further finds that the proposed facilities will not result in wasteful duplication, given their temporary nature and because the costs of the project will not have a material financial impact on KU or its rates.

IT IS THEREFORE ORDERED that:

1. KU is granted CPCNs to construct and operate the proposed temporary transmission lines in Hardin County, Kentucky as set forth in its application.
2. KU shall file "as-built" drawings or maps within 60 days of completion of the construction authorized by this Order.

By the Commission



ATTEST:



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