

COMMONWEALTH OF KENTUCKY
BEFORE THE KENTUCKY STATE BOARD ON
ELECTRIC GENERATION AND TRANSMISSION SITING

In the Matter of:

APPLICATION OF SOUTHERN INDIANA GAS &)	
ELECTRIC CO. D/B/A VECTREN ENERGY)	
DELIVERY OF INDIANA, INC. FOR A)	CASE NO.
CERTIFICATE TO CONSTRUCT AN ELECTRIC)	2010-00223
TRANSMISSION LINE FROM ITS A.B. BROWN)	
PLANT TO THE BIG RIVERS REID EHV)	
STATION)	

O R D E R

PROCEDURAL HISTORY

On July 15, 2010, the Applicant, Southern Indiana Gas & Electric Co. d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren"), filed an application with the Kentucky State Board on Electric Generation and Transmission Siting ("Siting Board" or "Board") for a certificate to construct a 345 kilovolt ("kV") non-regulated transmission line in Henderson County and Webster County, Kentucky.¹

On July 21, 2010, the Board issued a procedural schedule providing for an evidentiary hearing at a date to be determined. The procedural schedule also established August 16, 2010 as the deadline for any person to file a request for intervention and for any person to file a request for a local public hearing. On August 9,

¹ Vectren's July 15, 2010 application will be referred to herein as Vectren's "original application." As explained herein, the July 15, 2010 original application was substantially amended by Vectren in its October 14, 2010 filing.

2010, the Board, on its own motion, issued an Order scheduling a local public hearing on September 2, 2010 in Henderson, Kentucky.

On August 11, 2010, the Board filed the Visual Impact Evaluation of Proposed Vectren Transmission Line report of its consultant, BBC Research and Consulting (“BBC”). The August 11, 2010 BBC Report evaluated the potential adverse impacts of the proposed transmission line on the visual resources of Kentucky. BBC concluded that the visual impact of the transmission line route chosen by Vectren in its original application (“Route C”) would not be particularly significant.² BBC noted that another possible route studied by Vectren (“Route D”) “would cross the Ohio River about 6 miles from Henderson and out of site [sic] from the City’s waterfront – [and] would likely have less visual impact than the Route C option preferred by the applicant.”³

On August 16, 2010, the city of Henderson, Henderson Municipal Power & Light (“HMP&L”), and Henderson Water Utility (“HWU”) (collectively, “Intervenors”) filed motions to intervene and requests for a formal evidentiary hearing. The Intervenors raised numerous issues and complaints in their motions concerning the transmission line route proposed by Vectren.

HWU’s primary concern was that the original transmission line route proposed by Vectren would have taken the transmission line directly over property owned by HWU, which HWU plans to use for the location of a new wastewater treatment plant headworks. HWU must construct the treatment plant expansion by 2014 in order to meet the deadlines in its Long Term Control Plan as a condition of the city of

² Visual Impact Evaluation of Proposed Vectren Transmission Line, at 19.

³ Id.

Henderson's August 30, 2007 combined sewer system consent judgment with the Kentucky Division of Water and subsequent December 21, 2007 U.S. EPA Administrative Order.⁴ More specifically, the first transmission tower on the Kentucky side of the Ohio River, as shown on Map 20 of 45 in the original application,⁵ would have been located in the middle of the HWU property, possibly rendering the property unusable for the contemplated wastewater treatment plant expansion.

The original transmission line route would also have taken the transmission line near HMP&L's Substation 4. The transmission line would not have crossed over the substation's built structure, but the proposed right-of-way would have crossed over the southwest corner of it. HMP&L was concerned that this would have prevented it from expanding the substation facilities in the future:

Applicant's proposed route across the Substation 4 property would sever the property in half. The proposed route would actually result in Applicant taking a right-of-way inside the existing substation security fence. The proposed route prevents HMP&L from expanding the substation and prevents HMP&L from using the remaining property. HMP&L would never agree to convey easement rights or property rights to other parties on the Substation 4 property since this is the primary substation for HMP&L's electric system.⁶

The city of Henderson was primarily concerned with the visual impact of the proposed transmission line on its waterfront park area. The city was also concerned

⁴ HWU's Response to Siting Board Staff's First Information Request, Item 5a and Appendices A-B.

⁵ Vectren Original Application at Tab 20.

⁶ HMP&L's Response to Siting Board Staff's First Information Request, Item 3a.

about the potential detrimental effect of the proposed transmission line route on a historical cemetery that the original transmission line route would have crossed.

On August 26, 2010, the Siting Board granted the motions to intervene. In an Order issued on August 31, 2010, the Board scheduled a formal evidentiary hearing on October 13, 2010 at the Frankfort, Kentucky offices of the Kentucky Public Service Commission regarding the issues raised by the Intervenors.

Tragically, on August 28, 2010, Siting Board member Judge/Executive Sandy Lee Watkins of Henderson County passed away. Judge Watkins was known, both locally and throughout the region and the Commonwealth of Kentucky, as an excellent Judge/Executive and a great representative of the people of Henderson County.

The remaining Siting Board members and Judge Watkins' substitute on the Board, then-Acting Judge/Executive Hugh McCormick,⁷ conducted a site visit of the

⁷ Judge McCormick recused himself from the Siting Board in a letter issued to Siting Board Chairman David Armstrong on September 22, 2010. Judge McCormick cited the motion filed by the Intervenors on September 20, 2010 calling for his recusal on grounds that he had previously worked for Big Rivers Electric Corporation ("Big Rivers").* Mr. McCormick had worked for many years in a non-management position for Big Rivers, although he was on disability leave at the time Vectren filed its original application. Following his recusal, Judge McCormick was replaced by Judge/Executive Jim Townsend of Webster County, pursuant to KRS 278.702(1)(d)2.a.

*While Big Rivers is not a party to this case, it is likely that it will receive some tangible benefits as a result of the construction of the transmission line by Vectren, including the ability to sell additional amounts of excess power on the wholesale market at times when that power is not needed to meet its native load requirements. See Summary of September 2, 2010 Local Public Hearing in Henderson, Kentucky, at 3. ("The project can provide up to a 12 percent increase in local area voltages, dramatically enhancing load service capabilities. It will also enable MISO [the Midwest Independent System Operator] to send an additional 140 MW in and take 500 MW out of Kentucky, allowing for greater sales of energy by Kentucky-based utilities." Remarks of Jeff Webb, Director of Network Expansion, MISO.)

proposed transmission line route on September 2, 2010.⁸ The Siting Board also held the previously scheduled local public hearing later that day at the Henderson Fine Arts Center.⁹

The September 2, 2010 local public hearing was attended by approximately 50 people, including the Intervenors. Representatives of Vectren and each of the three Intervenors spoke at the hearing, as well as several individual citizens. A summary of the September 2, 2010 local public hearing was filed into the record of this matter on September 7, 2010, pursuant to 807 KAR 5:110, Section 8(5).¹⁰

The parties engaged in one round of discovery, after which Siting Board Staff conferred with the parties who agreed to meet in an informal conference on

⁸ See October 13, 2010 memorandum from Board Staff describing the September 2, 2010 site visit. Current Siting Board members Judge/Executive Jim Townsend and George Burgess, designee of Secretary Larry M. Hayes, did not attend the September 2, 2010 site visit because they were not Board members at that time. However, Mr. Burgess and Judge Townsend thoroughly reviewed the memorandum and photographs of the site visit before deliberating on the disposition of this case.

⁹ The Siting Board considered postponing the September 2, 2010 local public hearing following Judge Watkins' untimely passing. However, because of the very tight time constraints with which the Siting Board must comply to KRS 278.712 (a local public hearing must be held within 60 days of the date an application is filed) and 807 KAR 5:110, Section 8(3) (notice of a local public hearing must be published 20 days prior to the hearing), the Board determined that it could not postpone the September 2, 2010 local public hearing without forfeiting the opportunity to hold that hearing. The 60th day after the July 15, 2010 filing was September 13, 2010. So, in order to comply with the notice requirement, the notice rescheduling the local public hearing would have to have been published on or before August 24, 2010—four days prior to Judge Watkins' passing. In addition, the Board consulted closely with Henderson County officials and determined that proceeding with the local public hearing on September 2, 2010 would not be disrespectful to Judge Watkins' memory and would be in keeping with Judge Watkins' expressed desire to ensure that the duties he was entrusted to carry out were always performed in a timely and professional manner.

¹⁰ See Summary of September 2, 2010 Local Public Hearing in Henderson, Kentucky, filed by Board Staff on September 7, 2010.

September 29, 2010 to discuss the possibility of settling the issues of concern. As a result of the discussions between the parties and Board Staff, the parties reached an agreement in principle to settle the issues raised by the Intervenors. Through further negotiations outside the presence of Board Staff, the parties finalized their settlement agreement on October 6, 2010. Vectren agreed to file an amended application with an amended transmission line route that would avoid crossing the properties of concern to HWU and HMP&L and which would, as a consequence of the relocation, be further away from the Henderson waterfront park. In turn, the Intervenors agreed to withdraw their petitions for intervention and their requests for a formal evidentiary hearing after the amended application was filed.

In an Order issued on October 12, 2010, the Siting Board postponed the October 13, 2010 hearing to October 21, 2010, in anticipation of Vectren's filing an amended application. Vectren filed its amended application on October 14, 2010. On October 15, 2010, the Intervenors filed motions to withdraw their requests for intervention and a formal evidentiary hearing.

The Siting Board issued an Order on October 20, 2010 canceling the October 21, 2010 hearing and granting the Intervenors' motions to withdraw their petitions for intervention and requests for an evidentiary hearing. In addition, as the new proposed transmission line route crosses a number of properties in Henderson County that were not affected by the original route as described in the July 15, 2010 application,¹¹ the October 20, 2010 Order established a new procedural schedule, based on the

¹¹ Vectren Amended Application, at 3, and "Henderson County Property and Easement Information" form, at Tab 3.

October 14, 2010 filing date, in order to provide due process and a fair opportunity for those affected by the new transmission line route to participate in the case if they chose to do so.

The October 20, 2010 procedural schedule established November 15, 2010 as the deadline for the filing of any motions to intervene in the case and for the filing of any requests for a local public hearing or a formal evidentiary hearing. Vectren provided public notice of the amended application by publication in The Gleaner newspaper on October 10, 2010.¹² The public notice described the location of the proposed 345 kV transmission line, stated that the line is subject to Board approval, and provided the Kentucky Public Service Commission's ("Commission") address and telephone number. Vectren filed an affidavit from the newspaper attesting to the publication.¹³ Vectren also filed proof of service for the amended application.

In order to provide direct notice to property owners whose properties are now affected by the new transmission line route, Vectren mailed notification letters to landowners whose properties are to be crossed by the transmission line route as proposed in the October 14, 2010 amendment. Vectren also mailed notices to those persons whose properties are no longer affected by the transmission line due to the re-routing of the line. In addition, Vectren mailed notices to a number of persons who own property that would have been affected by the original transmission line route, which is no longer affected by the amended route, but who own additional property parcels that

¹² See Amended Application, Exhibit 6.

¹³ The Board is attached to the Commission for administrative purposes. See KRS 278.702(3).

are affected by the new route. Copies of the letters were included in the amended application.¹⁴

After the amended application was filed, BBC conducted a review of the revised portion of the transmission line route. On November 3, 2010, the Board filed BBC's Visual Impact Evaluation of Proposed Vectren Transmission Line Revised Report with Supplemental Evaluation ("Revised Report") into the record of this matter. In its Revised Report, BBC concludes that the amended transmission line route will have even less visual impact than the route originally proposed by Vectren:

The proposed river crossing for the revised route would likely have less visual impact than the Route C alternative evaluated in our original report. The revised route crossing would be located about 0.6 miles further away from downtown Henderson and the city's waterfront park (approximately 2.6 miles distant versus about 2.0 miles for Route C). The second segment of the revised route, like the previously proposed Route C, passes primarily through agricultural fields and industrial areas of Henderson. The changes to the viewshed from placing a transmission line in this area would be compatible with existing visual characteristics of the area.¹⁵

The Board received no requests for public hearings or motions to intervene in response to the October 14, 2010 amended application. Following expiration of the time for formal intervention in the case and for any request for a local public hearing, Vectren filed a motion on November 23, 2010 for expedited consideration of its amended application and requested that the Board dispense with any additional local public hearing or any formal evidentiary hearing in this matter. Upon consideration of

¹⁴ Amended Application, Exhibit 7.

¹⁵ BBC Supplemental Report, at 21.

the substantial record established in this matter; the fact that the Board held a well-attended local public hearing in Henderson, Kentucky on September 2, 2010; the fact that the majority of the route proposed in the amended application is identical to the route in the original application, save for the amended portions which eliminate the potential impact on the former Intervenors' properties; the determination by BBC that the already minimal visual impact of the proposed transmission line route "will be further reduced by the route modifications";¹⁶ the fact that no person requested another local public hearing or intervention in the case; and the determination that no further questions of fact remained to be determined through additional discovery or through an evidentiary hearing, the Siting Board determined that a formal evidentiary hearing in this matter is not necessary. Therefore, no additional local public hearing or formal evidentiary hearing was held in this matter and, pursuant to KRS 278.714(3), the Siting Board issues this Order granting Vectren's amended application within 90 days of the October 14, 2010 filing date.

BACKGROUND

In its October 14, 2010 amended application, Vectren proposes to build a non-regulated electric transmission line and appurtenances between Vectren's A.B. Brown Plant on the Ohio River in Posey County, Indiana, between Evansville and Mt. Vernon, to the Big Rivers Reid EHV Station near Sebree, in Webster County, Kentucky.¹⁷

Vectren is an Indiana corporation and is a public utility providing electric service in Indiana, with its principal office and principal place of business at One Vectren

¹⁶ Id., at 22.

¹⁷ Amended Application, at 2.

Square, Evansville, Indiana 47708, and a mailing address at One Vectren Square, 211 Northwest Riverside Drive, Evansville, Indiana 47708.¹⁸ Vectren is regulated by the Indiana Utility Regulatory Commission.

According to Vectren's amended application, the proposed transmission line represents the southern Indiana-to-Kentucky portion of a project known overall as the Gibson-Brown-Reid 345kV Project. The transmission project will span a total of approximately 70 miles, approximately 15 miles of which will be located in Kentucky. Phase 2 of Vectren's Gibson-Brown-Reid 345kV Project, which is the portion beginning at Vectren's A.B. Brown Generating Station in southern Indiana, parallels existing Vectren 138kV transmission lines in an easterly direction for approximately 2.6 miles, passing from Posey County to Vanderburgh County about a mile from the Brown Station. The Indiana portion of the route then continues easterly, southeasterly, and then south through Vanderburgh County.¹⁹

Vectren states in its amended application that the purpose of the transmission line project is "to help meet the region's future energy demand and to increase the reliability for the overall electric grid in the region." Vectren notes that MISO approved the project as a Baseline Reliability Project under MISO's 2006 Transmission Expansion Plan. Furthermore, as the project addresses current and projected congestion on electric transmission lines in the southwest Indiana-northwest Kentucky region outside MISO's system, the Federal Energy Regulatory Commission ("FERC") granted the project incentive rate treatment under Section 219 of the Energy Policy Act of 2005 and

¹⁸ Id., at 1.

¹⁹ Id., at 2-3.

FERC Order No. 697 because it will ensure reliability and/or reduce the cost of delivered power by reducing transmission congestion.²⁰

STATUTORY REQUIREMENTS

KRS 278.714(3) provides that the Board must consider whether the proposed route for a non-regulated transmission line, 69 kV or larger, will minimize significant adverse impact on the scenic assets of Kentucky and that the applicant will construct and maintain the line according to all applicable legal requirements.

Description of Proposed Route for the Transmission Line

An applicant must fully describe the proposed route of the transmission line and appurtenances pursuant to KRS 278.714(2)(b). The amended application states that the portion of the Gibson-Brown-Reid 345kV Project which is the subject of this case will cross the Ohio River south of the city of Henderson at N 939793.33, E 2792481.21. The route will then continue through the Henderson Industrial District before intercepting and paralleling an existing 161 kV transmission line owned and operated by HMP&L in a southeast direction through Henderson County. The line will enter northeastern Webster County and will be attached to Big Rivers' Reid Generating Station substation at N 873737.51, E 2828939.07, which is the endpoint for the Gibson-Brown-Reid 345kV Project.²¹ The coordinates are expressed in U.S. Survey Feet, West Zone of the Indiana State Plane Coordinate System, North American Datum 1983.

An applicant must include maps showing the route for the proposed transmission line. Vectren submitted 28 aerial photographic maps with its original application

²⁰ Id., at 3-4.

²¹ Id., at 3.

showing the original proposed transmission line route from the point that it would have crossed the Ohio River from Indiana²² to the point where it will tie into Big Rivers' Reid EHV substation.²³ Vectren submitted seven aerial photographic maps with its amended application showing the amended proposed transmission line route from the point that it will cross the Ohio River from Indiana²⁴ to the point where it will intercept and begin to parallel HMP&L's existing 161 kV transmission line.²⁵ The aerial photographic maps at Tabs 24 through 45 of the original application show that portion of the transmission line route which was not altered by Vectren's October 14, 2010 amended application.²⁶

The aerial photographic maps show the rights-of-way, the existing property lines to be crossed by the transmission line, and the property owners' names. The maps at Tab 2 of the amended application show the distance of the proposed line from residential neighborhoods, schools, and public and private parks located within one mile of the proposed facilities. There are no schools located within one mile of the proposed transmission line. The proposed transmission line route is within one mile of a number of residential neighborhood areas and the Canoe Creek State Nature Preserve.

²² Original Application, at Tab 18.

²³ Id., at tab 45.

²⁴ Amended Application, at Tab 11.

²⁵ Id., at Tab 17.

²⁶ The aerial photographic map at Tab 24 of the original application shows a portion of the original transmission line route that the line will no longer follow. However, that map is still relevant to the amended application, as it shows both a portion of the amended transmission line route (approximately 925 feet) and the location of support structure number ninety-one, which is not shown on either the aerial photographic map located at Tab 25 of the original application or Tab 17 of the amended application.

However, no person has protested the location of the proposed transmission line on grounds that it will adversely impact a residential neighborhood or the nature preserve. In addition, the transmission line and its support structures will not be located on any property within the nature preserve, and the visual impact on persons visiting the nature preserve will likely be mitigated by the presence of trees and vegetation along the western border of the nature preserve.²⁷

Stephen Reed, whose property will be crossed by the Vectren transmission line, filed comments into the record of this matter.²⁸ In his comments, Mr. Reed states his concerns regarding the “economic hardship” the transmission line and its support structures may have on his property, including the adverse impact it may have on his ability to farm the property and to use the property for the future development of oil and natural gas. Mr. Reed’s comments echo those of two of the public speakers at the September 2, 2010 local public hearing, Robbie Williams and Chuck Stagg, both of whom stated similar concerns that the Vectren transmission line would adversely affect their ability to farm their properties, which will also be crossed by the proposed line.²⁹

On December 9, 2010, the principals of Willie McLaren, LLC filed comments into the record of this matter (“McLaren comments”) in which they state, in pertinent part:

The existing easement could and should be used. The proposed easement envisions “H” type transmission line supports. The existing easement can accommodate the proposed line if the easement uses monopole transmission

²⁷ See BBC Revised Report, at 19, Figure 14.

²⁸ See Public Comments from Stephen Reed, filed October 5, 2010.

²⁹ See Summary of September 2, 2010 Local Public Hearing in Henderson, Kentucky, at 5-6, Comments of Robbie Williams and Chuck Stagg.

lines that accommodate the current user, the proposed user, and future users.³⁰

The McLaren comments also address the economic impact and the visual impact of the proposed transmission line on their property.

Objectively, the visual impact of two separate transmission lines and their support structures would likely be greater than a single, co-located set of transmission lines and support structures on the McLaren property and the other properties where Vectren's proposed transmission line would parallel HMP&L's existing 161 kV transmission line. In consideration of the McLaren comments, Siting Board Staff issued a data request to Vectren to determine whether Vectren could construct its transmission line in the manner the commentors suggested.

In its response to the second data request, Vectren states that it did consider co-locating its proposed transmission line with HMP&L's existing 161 kV transmission line during the planning process. However, Vectren eventually ruled that possibility out as being inconsistent with good utility engineering practice. The regional electric grid reliability goals that are to be served by the proposed transmission line would be diminished if the proposed line were to be constructed on the same set of support structures as HMP&L's existing transmission line:

Co-location of lines in this instance is inconsistent with good utility practice and highly impractical under these circumstances. Co-location (moving existing lines onto the new poles) would take a potential NERC [North American Electric Reliability Corporation] N-1 planning contingency (planning for a one facility failure) and create a potential N-2 planning contingency (planning for a two facilities failure on one set of poles). This would creating [sic] a potential

³⁰ Comments of Willie McLaren, LLC at 2.

incremental threat to system reliability and regional reliability that is counter to the reasons for undertaking a baseline reliability project such as this one in the first place. Put simply, if Vectren were to use a co-location design, the region would end up with two transmission lines dependent on the structural integrity of a single set of poles, instead of two transmission lines on two separate sets of poles. Given the debilitating ice storm, the windstorms, and tornadoes which our region endured during the last 4 years, such an approach would not serve the reliability goals of this line from a transmission planning and operations perspective.³¹

Vectren noted a number of additional concerns which made co-locating its proposed transmission line with HMP&L's existing transmission line impracticable. Among those issues was HMP&L's refusal to allow Vectren to encroach on its existing easements³² and the risk to the regional reliability that might result from the construction process itself, as the existing HMP&L transmission line would have to be de-energized for a 9-to-12-month period while those facilities would be re-located to the new Vectren support structures.³³ As Vectren explains in its response, HMP&L's existing support structures cannot accommodate both sets of transmission lines.³⁴

Vectren did not design its proposed transmission line with steel monopoles for the majority of its support structures because of the significant difference in cost between steel monopoles (\$150,000 per pole) and the proposed H-frame support structures (\$50,000 per structure).³⁵ Vectren notes that, if it were required to re-design

³¹ Vectren's Response to Board Staff's Second Data Request, at 2-1 to 2-2.

³² Id., at 2-2.

³³ Id., at 6-1.

³⁴ Id., at 2-2.

³⁵ Id., at 5-1.

the proposed transmission line with steel monopoles for the majority of the support structures along the southern portion of the route, the cost increases, combined with expected delays, would jeopardize the feasibility of the project.³⁶

The Siting Board finds that the expected interstate benefits of the proposed transmission line, which is designed to increase the area's regional reliability, in combination with a single planning contingency rather than a double planning contingency, fully justifies not co-locating the two transmission lines. These factors outweigh the concerns expressed by the commentors regarding the visual impact of the proposed transmission line on their agricultural property. Therefore, the Board will not require Vectren to re-design its proposed transmission line to be co-located with HMP&L's existing 161 kV transmission line, nor will it require Vectren to use steel monopoles in place of the H-frame support structures it has proposed.

The Siting Board also acknowledges the concerns expressed by Mr. Reed, Mr. Williams, Mr. Stagg, and the principals of Willie McLaren, LLC with regard to the impact that the proposed transmission line may have on their ability to farm their properties. However, the effects of the transmission line siting on their ability to farm their properties is not a factor which the Board may consider in determining whether to grant or deny the application for a non-regulated transmission line. Compensation for easements necessitated by the construction of the transmission line or for condemnation of properties is a matter to be resolved between Vectren and the individual property owners (in the case of a voluntary grant of an easement) or a court of competent jurisdiction (in a condemnation case).

³⁶ Id., at 5-1 to 5-2.

The Board notes that the issues raised by the former Intervenors included concerns regarding their ability to use their properties in the manner which they had planned prior to Vectren filing its original application in this matter. Because the former Intervenors withdrew their motion to dismiss the case after Vectren filed its amended application, the Board did not issue a ruling on the question of whether Vectren's interference with the use of their properties was a violation of the requirement under KRS 278.714(3) that the applicant "construct and maintain the line according to all applicable legal requirements." However, in light of the issues raised by the public comments discussed above, the Board states that only the adverse visual impact of the original transmission line route on the Henderson waterfront park area (which is now minimally impacted—if at all—by the amended route) and a historical African-American cemetery (which would have been crossed by the original route but is not crossed by the amended route) could be considered.

The issue regarding interference with property owners' use of their property is outside the jurisdiction of the Siting Board. Therefore, the Board cannot issue a ruling on this issue.

Description of the Proposed Transmission Line and Appurtenances

Under KRS 278.714(2)(c), the applicant must describe the proposed transmission line and its appurtenances. The transmission line is designed to operate at 345 kV, and its capacity would be 500 MW. The total length of the transmission line will be approximately 70 miles, including the Indiana portion. The portion of the transmission line located in Kentucky will be approximately 15 miles. The terminal

points are Vectren's A.B. Brown Station in Posey County, Indiana and Big Rivers' Reid EHV substation in Webster County, Kentucky.

The appurtenances include steel transmission towers, H-frame steel poles, 3-pole large angle poles, 3-pole medium angle poles, 3-pole corner dead-end poles, and single steel poles. The steel transmission towers will be 240 to 300 feet high. The H-frame steel poles will be 77 to 131 feet high. The 3-pole structures will also be 77 to 131 feet high, and the single steel poles will vary from 120 feet to 140 feet high.³⁷ The poles will be approximately 900 feet apart, depending on terrain.³⁸

Construction and Maintenance

As required by KRS 278.714(2)(d), Vectren provided a statement that the proposed transmission line and appurtenances will be constructed and maintained in accordance with accepted engineering practices and the National Electrical Safety Code and will be constructed and maintained in accordance with all legal requirements.³⁹

Impact

The Siting Board agrees with the conclusions of BBC regarding both the amended portion of the transmission line route and the portion that will parallel the existing HMP&L 161 kV transmission line. The BBC Revised Report concluded that the portion of the line which will parallel the existing HMP&L line "passes through sparsely populated agricultural areas, with the exception of the portion of the route proximate to

³⁷ Amended Application, at Tab 4.

³⁸ Vectren Response to Board Staff's Second Data Request at 1-2.

³⁹ Amended Application, at 6.

the small community of Robards,” and that “[t]he visual impact of this segment of the route would be minimal, given the existing [HMP&L] line and right of way already present and adjacent to the proposed 345 kV route.”⁴⁰ The Board finds that BBC’s conclusions are consistent with its own observations during the September 2, 2010 site visit, which included a visual observation of most of the land on which the transmission line will be located.⁴¹

BBC also notes in its Revised Report that “some of the proposed engineering aspects for the transmission line would tend to mitigate visual impacts,” including the use of specially treated steel for the H-frame poles which “quickly weather[s] to a dull, reddish-brown color that approximates natural, woody materials.”⁴² BBC notes that the steel lattice towers that will be used for the river crossing will have to be painted in a red-and-white color scheme in order to meet Federal Aviation Administration safety requirements.⁴³ The Siting Board observed in its site visit that an existing transmission tower to the east of the Henderson waterfront park area has the same type of paint scheme⁴⁴ and, as BBC notes, “[t]he relatively flat paint . . . will limit sun reflection from the crossing towers.”⁴⁵

⁴⁰ BBC Revised Report at 15.

⁴¹ See October 13, 2010 memorandum from Board Staff describing the September 2, 2010 site visit.

⁴² BBC Revised Report at 15.

⁴³ Id.

⁴⁴ October 13, 2010 memorandum from Board Staff, at 2.

⁴⁵ BBC Revised Report at 15-16.

With regard to the amended portion of the transmission line route, BBC concludes that it will have even less visual impact than the route Vectren originally proposed:

Based upon the amended application provided by Vectren and the study team's tour of the revised route, we conclude that the visual impact of the revised route will be further reduced by the route modifications. Vectren's revised route is a reasonable alignment for the proposed transmission line that will not result in significant degradation of scenic factors in Kentucky.⁴⁶

BBC's conclusions are supported by the Board's observations during its September 2, 2010 site visit. Therefore, based on the proposed engineering aspects of the transmission line and the proposed location of the line along existing rights-of-way and through areas of Henderson County and Webster County in which the presence of a high-voltage transmission line and its support structures is consistent with current land uses, the Siting Board finds that the proposed transmission line and its support structures will not pose a significant adverse impact on the scenic assets of Kentucky.

The Siting Board also understands the need, in limited circumstances, to permit an applicant the flexibility to address unanticipated construction issues. Therefore, we find good cause to permit Vectren to move the approved centerline of the transmission line so long as: (1) it is moved no further than 500 feet in either direction (i.e., within a 1,000-foot corridor) of the existing route; (2) the move does not shift the line or its right-of-way onto the property of a different landowner; and (3) the property owner who is subject to the move agrees in writing to the requested move. Vectren shall file with the

⁴⁶ Id., at 22.

Siting Board a survey of the final location of the line and its appurtenances after all such moves are completed and before construction begins.

Any changes greater than this distance or involving landowners not identified in Vectren's amended application will require Vectren to file another application with the Siting Board. Likewise, if another agency requires an alteration of the transmission line route that does not meet all the conditions listed above, Vectren must apply to the Siting Board for a construction certificate for the modified route.

CONCLUSIONS

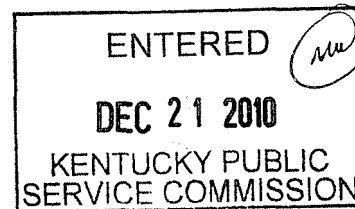
After carefully considering the criteria outlined in KRS 278.700 through 278.716, and the record in this case, the Board finds that Vectren has presented sufficient evidence to obtain the requested certificate to construct the subject transmission line and appurtenances. The Board specifically determines that the proposed route of the line will minimize significant adverse impact on the scenic assets of the Commonwealth and that Vectren will construct and maintain the line in accordance with accepted engineering practices and the National Electrical Safety Code and all applicable legal requirements. Accordingly, the Siting Board finds that Vectren should be granted a certificate pursuant to KRS 278.714 to construct a non-regulated transmission line and appurtenances as described in this Order.

IT IS THEREFORE ORDERED that:

1. Vectren's Application for a Certificate to construct an approximately 15-mile 345 kV non-regulated transmission line in Henderson County and Webster County, Kentucky is granted.

2. Vectren shall fully comply with all monitoring and reporting measures and conditions prescribed in the Appendix attached hereto.

By The Kentucky State Board on
Electric Generation and
Transmission Siting



ATTEST:

Aaron D. Brunwell for
Executive Director
Public Service Commission
on behalf of The Kentucky State
Board on Electric Generation
and Transmission Siting

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY STATE BOARD ON ELECTRIC GENERATION AND TRANSMISSION SITING IN CASE NO. 2010-00223 DATED **DEC 21 2010**

MONITORING PROGRAM AND REPORTING REQUIREMENTS

The following monitoring program is hereby imposed on Vectren to ensure that the non-regulated transmission line proposed in this proceeding is constructed as ordered:

A. Vectren shall file an annual report throughout the duration of the construction of its transmission line. The initial report shall be filed within one year of the date of this Order granting Vectren a Construction Certificate for its 345 kV transmission line. Subsequent reports shall be filed annually from the date of the filing of the first report.

B. The obligation of Vectren to file annual reports pursuant to this Appendix to the Final Order of the Kentucky State Board on Electric Generation and Transmission Siting ("Siting Board") in Case No. 2010-00223 shall continue until such time as the 345 kV transmission line has been finally constructed and has been placed into normal operation as designed.

C. The report shall be filed in the form of a letter to the Chairman of the Siting Board. The report shall contain the following sections:

1. Overview – Vectren shall provide a short narrative summary of the progress of construction of the transmission line and any and all changes in the construction plans which have been made during the reporting period.

2. Public Comments and Responses – Vectren shall provide a summary of any oral, telephone, e-mail or otherwise written complaints or comments received from the public during the reporting period. Vectren shall also summarize the topics of public comments, the number of comments received, and its response to each topic area. True copies of all written complaints and comments shall be attached to the report, as well as any transcriptions of telephone conversations or notes documenting such telephone conversations.

3. Specific Mitigation Conditions – Vectren shall include in its report a brief narrative response to describe the progress made toward completion of the project, any obstacles encountered, and the measures Vectren has taken or plans to take in order to address those obstacles.

D. Vectren shall file a copy of the “as-built” drawings/maps of the final location of all transmission line structures in Kentucky and a certified statement that the construction has been satisfactorily completed in accordance with the October 14, 2010 amended application within 60 days of the substantial completion of the construction certificated herein.

E. Any deviation from the construction approved shall be undertaken only with the Siting Board’s prior approval.

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