

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

In the Matter of:

The Application of the Illinois)
Municipal Electric Agency and the)
Indiana Municipal Power Agency)
For a Merchant Electric Generating)
Plant Certificate to Construct)

Case No. 2005-00152

Filed May 11, 2005

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Contact Person: Paul Coomes, PhD

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1. The name, address and telephone number of the persons proposing to construct and own the merchant electric generating facility: KRS 278.708 (2)(a)

The Illinois Municipal Electric Agency (IMEA) is a municipal power agency, formed pursuant to Illinois statute, and as such is a municipal corporation and unit of local government of the State of Illinois. Its General Manager and CEO is Ronald D. Earl, 919 S. Spring St., Springfield, IL 62704. The telephone number is 217 789-4632; fax 217 789-4642; website: www.imea.org; e-mail: imea@imea.org.

The Indiana Municipal Power Agency (IMPA) is a joint action agency formed pursuant to Indiana statute by municipally owned electric utilities in Indiana. Its President is Rajeshwar G. Rao, 11610 North College Ave., Carmel, IN 46032. The telephone number is 317 573-9955; fax 317 575-3372; www.impa.com; e-mail: info@impa.com.

The principal contact person for the application is:

John N. Hughes
124 West Todd St.
Frankfort, KY 40601
502 227-7270

jnhughes@fewpb.net

1.1 Description of IMEA and IMPA and their ownership interests.

IMEA is a municipal power agency established pursuant to Illinois statute. IMEA is a body politic and corporate, municipal corporation and unit of local government of the State of Illinois. IMEA's primary purpose is the acquisition and sale of wholesale power and energy to its member municipalities that own and

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operate their own municipal electric distribution systems. IMEA currently has 40 municipal members, and it has executed long-term, full requirements contracts with 29 of its members to provide for the power and energy needs of their municipal electric systems.

IMPA is a joint action agency formed pursuant to Indiana statute by municipally owned electric utilities in Indiana. IMPA is a body corporate and politic and a political subdivision of the State of Indiana. It currently has 40 members. IMPA members purchase their power supply solely through IMPA.

IMEA and IMPA collectively own an undivided 25% interest in the existing Trimble County Generating Station, also referred to as Unit 1. Pursuant to their respective Trimble County Unit 1 Participation Agreements with Louisville Gas and Electric Company (LG&E), they are exercising their respective rights to participate in the development and ownership of the new project, referred to as Trimble County Unit 2. Their portion of this project qualifies as a "merchant electricity generating facility" under KRS 278.700 ff. IMEA and IMPA are joint action agencies and will use their portion of this project to provide wholesale power to their respective member communities pursuant to long-term contracts. None of the power owned by IMEA or IMPA from the Trimble County units will be sold at retail to Kentucky customers.

IMEA and IMPA each have entered into a Participation Agreement with LG&E and Kentucky Utilities Company (KU) to participate as tenants-in-common in the ownership of the proposed Trimble County Generating Station, Unit 2, which is

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attached as Exhibit A. IMEA will own an undivided 12.12% interest and IMPA will own an undivided 12.88% interest, the same interest as each has in the existing Trimble County Generating Station.

As a result of their respective ownership interests, IMEA and IMPA will share in the construction costs of the proposed facility and will have a right to a proportionate share of the generating capacity, all according to the terms of the Participation Agreement with LG&E and KU.

The details of the interests and involvement of IMEA and IMPA are further described in the testimony of L. Gayle Mayo and Robert W. Childers, which is included in Tab 14.

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2. A full description of the proposed site, including a map showing the distance of the proposed site from residential neighborhoods, the nearest residential structures, schools, and public and private parks that are located within a two (2) mile radius of the proposed facility; - KRS 278.706(2)(b).

2.1 Description of facility

The Trimble County Unit 2 Project (Project) will include a 750 MW boiler and associated steam turbine generator. The building structures that will house these equipment packages are indicated on Figures 2-1 and 2-2 of the Site Assessment Report, Exhibit B. The Project is currently designed to include selective catalytic reduction (SCR), bag house, wet limestone scrubber, and a wet electrostatic precipitator (ESP) for air quality control.

No proposed improvements are planned to extend above the existing structures. The Project's major equipment will include a 750 MW boiler and an associated steam turbine generator. The building structures that will house these equipment packages are indicated on the conceptual site plan drawing (Figure 2-2 and Figure 3-1 of the Site Assessment Report, Exhibit B as Structures 2 and 1, respectively). The proposed air quality components, SCR, bag house, wet limestone scrubber, and wet ESP are indicated as Structures 3, 10, 5 and 12 on the drawings, respectively. For the purposes of the visual assessment, the SCR structure was considered an extension of the new boiler building. As shown in Figure 3-1, the maximum height of these structures will be 285 feet, which is less

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than the height of existing structures on the site. As previously mentioned, the existing exhaust stack will be utilized for the Project and therefore a new stack structure will not be required.

The existing hyperbolic cooling tower was originally designed for two 500 MW coal units and there are no plans to build a second hyperbolic cooling tower. Since Unit 2 includes a 750 MW boiler, additional cooling will be provided by a new mechanical draft-cooling tower. The existing hyperbolic cooling tower (508 ft in height) will provide all the necessary cooling for Unit 2 and the new mechanical draft cooling tower (approximately 45 ft in height) will provide all the necessary cooling for the existing Unit 1. As such, the cooling towers will be individually dedicated to the respective Units. Consideration was given to the additional exhaust plume from the new cooling tower, although much of this plume may be dissipated by the time it reaches the height of the current plume from the existing cooling tower and stack. There are no plans to build a second hyperbolic cooling tower.

2.2 Site Location

The site is on the existing Trimble County Unit 1 property near Bedford, Kentucky. The Trimble County Station (Station) site is situated on the Ohio River, approximately 5.6 miles west of the Town of Bedford, Kentucky, on U.S. Highway 1843. A vicinity map is attached as Exhibit C to the application. A facility layout and building location is attached as Exhibit D. In general, Trimble County is composed predominantly of rural areas. The areas surrounding the plant

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include scattered residences, agricultural land, and wooded areas. A residential community referred to as Wises Landing is located south of the Trimble County Station on the south side of Highway 754. These residences within the Wises Landing community represent the nearest residences to the Project.

The Project site is bordered to the west by the Ohio River, to the north by agricultural land, and to the east by a steep, wooded hillside. The surrounding areas are predominantly undeveloped and are rural in nature.

The Project will utilize the existing stack for Unit 2, as it was originally designed to support two units. As such, there are no plans to construct a new exhaust stack. Furthermore, the existing stack is in compliance with the setback requirements described in KRS 278.704. Specifically, the existing stack is located more than 1,000 feet from the nearest property boundary and more than 2,000 feet from the nearest residential boundary. There are no local setback requirements that apply to the Project.

2.3 Legal Boundaries

The project site is located within a tract of land lying along the waters of the Ohio River between Connors Ridge Road and Kentucky Highway 754 in Trimble County, Kentucky. A complete, legal description of the property is provided in Appendix A of the Site Assessment Report, which is Exhibit B to this application.

2.4 Residential Neighborhoods

The proposed facility is to be located on an existing site of an electric

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generating facility of more than 10 MW. The nearest property owners are listed in Exhibit E and shown on a map of the adjacent property, which is included with Exhibit E. The nearest residential community is Wises Landing, which is approximately 3,000 feet from the proposed site.

2.5 Schools

The nearest schools are located in Bedford, approximately 5 miles from the proposed facility.

2.6 Hospitals and Nursing Homes

There are no hospitals or nursing homes within the set back requirements of the proposed facility.

2.7 Parks

There are no public or private parks within the set back requirements of the proposed facility.

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3. Evidence of public notice that shall include the location of the proposed site and a general description of the project, state that the proposed construction is subject to approval by the board, and provide the telephone number and address of the Public Service Commission; - KRS 278.706(2)(c)

3.1. Letters to the adjacent property owners were mailed on April 8, 2005 by first class mail. A copy of that notice is included in Exhibit F.

3.2 The affidavit of publication and copy of the tear sheet from the Trimble Banner of April 6, 2005 is included in Exhibit G.

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4. A statement certifying that the proposed facility will be in compliance with all local ordinances and regulations concerning noise control and with any local planning and zoning ordinances. The statement shall also disclose setback requirements established by the planning and zoning commission as provided under KRS 278.704(2)(d).

There are no local ordinances or regulations related to noise control. There is no planning and zoning regulation in Trimble County which would apply to the proposed facility. A letter from the Trimble County Judge/Executive is attached as Exhibit H.

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5. If the facility is not proposed to be located on site of a former coal processing plant and the facility will use on-site waste coal as a fuel source or in an area where a planning and zoning commission has established a setback requirement pursuant to KRS 278.704(3), a statement that the proposed site is at least one thousand (1,000) feet from the property boundary of any adjoining property owner and two thousand (2,000) feet from any residential neighborhood, school, hospital, or nursing home facility, unless facilities capable of generating ten megawatts (10MW) or more currently exist on the site. If the facility is proposed to be located on site of a former coal processing plant and the facility will use on-site waste coal as a fuel source, a statement that the proposed site is compatible with the setback requirements provided under KRS 278.704(5). If the facility is proposed to be located in a jurisdiction that has established setback requirements pursuant to KRS 278.704(3), a statement that the proposed site is compatible with those established setback requirements; - KRS 278.706(2)(e)

The facility is to be located on the site of an existing electric generating facility of greater than 10 MW. As such the set back requirements do not apply to the proposed facility.

The facility is to be constructed within Trimble County, where there are no planning and zoning or other set back regulations. See letter from Trimble County Judge/Executive, Exhibit H.

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6. A complete report of the applicant's public involvement program activities undertaken prior to the filing of the application, including any use of media coverage, direct mailing, fliers, newsletters, public meetings, establishment of a community advisory group, and any other efforts to obtain local involvement in the siting process; - KRS 278.706(2)(f)

Because the facility will be constructed on the existing site of an electric generating facility, there has been no current public relations effort to include the public in the siting process. A notice of this application was mailed to the adjacent property owners on April 8th and a public notice was published in the Trimble Banner on April 6th. See Exhibits F and G.

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7. A summary of the efforts made by the applicant to locate the proposed facility on a site where existing electric generating facilities are located; - KRS 278.706(2)(g).

The facility will be constructed on the site of the existing Trimble County Generating Station.

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8. Proof of service of the application upon the chief executive officer of each county and municipal corporation in which the proposed facility is to be located, and upon the chief officer of each public agency charged with the duty of planning land use in the jurisdiction in which the facility is proposed to be located; KRS 278.706(2)(h).

Proof of service on the County Judge/Executive is attached as Exhibit I. There is no planning or zoning office in the county. The facility will not be within the boundaries of a municipal corporation.

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9. An analysis of the proposed facility's projected effect on the electricity transmission system in Kentucky; - KRS 278.706(2)(i).

The studies related to the effect on the existing transmission facilities are attached as Exhibit J. A Generation Interconnection Evaluation is attached as Exhibit K. The terms of interconnection of the existing facilities of Louisville Gas and Electric Company and Kentucky Utilities Company are included in the Participation Agreement, attached as Exhibit A.

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10. An analysis of the proposed facility's economic impact on the affected region of the state; KRS 278.706(2)(j).

An analysis of the economic impact is attached as Exhibit L.

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11. A detailed listing of all violations by it, or any person with an ownership interest of federal or state environmental laws, rules, or administrative regulations, whether judicial or administrative, where violations have resulted in criminal convictions or civil or administrative fines exceeding five thousand (\$5,000). The status of any pending action, whether judicial or administrative shall also be included; - KRS 278.706(2)(k).

A description of the one administrative violation is described in Exhibit M.

There are no pending administrative or judicial actions.

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12. A site assessment report as specified in KRS 278.708. The applicant may submit and the board may accept documentation of compliance with the National Environmental Policy Act (NEPA) rather than a site assessment report.

A Site Assessment Report is attached as Exhibit B.

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13. No person shall commence to construct a merchant electric generating facility until that person has applied for and obtained a construction certificate for the facility from the board. The construction certificate shall be valid for a period of two (2) years after the issuance date of the last permit required to be obtained from the Natural Resources and Environmental Protection Cabinet after which the certificate shall be void. The certificate shall be conditioned upon the applicant obtaining necessary air, water, and waste permits. If an applicant has not obtained all necessary permits and has not commenced to construct prior to the expiration date of the certificate, the applicant shall be required to obtain a valid certificate from the board. -KRS 278.704(1).

Louisville Gas and Electric Company and Kentucky Utilities Company have applied for a certificate to construct the facility referred to as Trimble County 2. That matter is pending in Public Service Commission Case No. 2004-00507. Those companies are also responsible for obtaining all necessary permits from Kentucky regulatory agencies as stated in the Participation Agreement. IMEA and IMPA have obtained or will obtain the permits listed in Exhibit N.

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14. Prefiled testimony

The testimony of L. Gayle Mayo on behalf of IMPA and of Robert W. Childers on behalf of IMEA is included in Tab 14.

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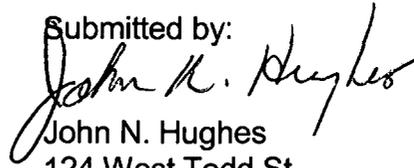
15. Exhibits

- Exhibit A Participation Agreement (including Interconnection Agreement and Operating Agreement)
- Exhibit B Site Assessment Report
- Exhibit C Vicinity Map
- Exhibit D Facility Site layout and boundaries Vicinity Map
- Exhibit E Map of adjacent property and list of property owners
- Exhibit F Statement of service of notice and copy of notice to property owners
- Exhibit G Copy of Newspaper Notice with Affidavit of Publication
- Exhibit H Letter from County Judge/Executive regarding local planning and zoning
- Exhibit I Statement of Service of Application on County/Judge Executive
- Exhibit J Analysis of effect on transmission system

Facility Study Report – July 10, 2003
System Impact Study – May 1, 2003
Facility Study Report – July 15, 2003
Trimble County Generation Prior Outage Study
MISO System Impact Study for IMEA Sept. 10, 2004
MISO System Impact Study for IMPA Sept. 10, 2004
- Exhibit K Generation Interconnection Evaluation – March 11, 2003
- Exhibit L Economic Impact Assessment
- Exhibit M List of Environmental Violations
- Exhibit N List of Required Permits

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