

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

In the Matter of:

JOINT APPLICATION OF THE ILLINOIS)	
MUNICIPAL ELECTRIC AGENCY)	
AND THE INDIANA MUNICIPAL POWER)	
AGENCY FOR APPROVAL TO BE A)	
25% PARTNER IN THE CONSTRUCTION)	CASE NO. 2005-00152
OF A 750 MEGAWATT ADDITION TO)	
THE EXISTING TRIMBLE COUNTY)	
GENERATING FACILITY IN)	
TRIMBLE COUNTY, KENTUCKY)	

O R D E R

On April 3, 2006, IBEW, Local 2100 and the Greater Louisville Building and Construction Trades Council (“Intervenors”) moved for an informal conference in this case. The applicants in both this case, the Illinois Municipal Electric Agency (“IMEA”) and the Indiana Municipal Power Agency (“IMPA”), and the applicants in Public Service Commission Case No. 2004-00507,¹ Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”), oppose the motion.

Intervenors assert that the hiring strategy being employed by LG&E and the engineering, procurement, and construction (“EPC”) bidder, Bechtel Power Corporation (“Bechtel”), “will contravene both the letter and the spirit of conditions imposed by the Siting Board in its Order of November 16, 2005.” LG&E and KU respond that “their

¹ Case No. 2004-00507, Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company For a Certificate For the Expansion of the Trimble County Generating Station.

negotiations with Bechtel are at a critical stage,” and they attached a copy of a complaint they have filed against Bechtel “seeking a judgment that the EPC Agreement is a valid and binding contract.” They then argue, “Given that pending litigation, as well as confidentiality commitments, it would be improper for the Companies to engage in any specific discussions with the Unions regarding their negotiations or agreements with Bechtel . . . that might compromise the Companies’ strategies in the litigation.” LG&E and KU further state that they believe an informal conference with the Intervenors would be inappropriate because it would be different or special treatment for one set of “potential vendors to Bechtel under the EPC Agreement.”

The issue of hiring local and union workers was fully litigated in last year’s hearing in this case. In the final Order, the Board held:

The Board is hopeful that the TC2 project will result in economic growth for the Trimble County area. However, the Board believes that any positive economic impact resulting from this project greatly depends on the extent to which the Companies and the Joint Applicants employ local workers and utilize local resources, including MBEs and WBEs. Thus, in approving this project the Board relies upon the commitments of the Joint Applicants and the Companies to hire construction and operation workers from the local population and to utilize local materials and MBEs and WBEs whenever practical and possible and finds these hiring effort commitments to be consistent with prior Orders of this Board. In an effort to monitor the economic impact of this project and the Joint Applicants’ and Companies’ performance of these commitments, the Board finds that the Joint Applicants must submit an annual project economic impact report to this Board which should indicate the degree of utilization of local workers and local resources, including MBEs and WBEs.²

² Final Order dated November 16, 2005 at 13-14 (footnote omitted).

Intervenors have acted within their rights in requesting an informal conference and, while unusual, LG&E, KU, IMEA, and IMPA (“TC2 Owners”) have acted within their rights in opposing the request. The Board’s November 16, 2005 Order does not require a report from the TC2 Owners until November of 2006. LG&E and KU correctly point out that the Intervenors could have appealed that Order for a different reporting schedule, but they did not. Given that requirement, the Board cannot and will not at this point compel the TC2 Owners to disclose information. Moreover, the Board is sensitive to LG&E’s and KU’s assertions that negotiations are at a delicate stage with Bechtel. Therefore, Intervenors’ motion will be denied.

Intervenors argue in their motion that “delay in action . . . will result in irreparable injury to the economic interest of Kentucky workers whose opportunities will have been foreclosed for a year.” The Board points out that it has full authority to enforce its Orders and, if this fall’s report indicates a variance from mandated actions, we will take action to ensure that our Order is followed.

Finally, while the Board recognizes that no report is due until November 2006 and understands the reasons the TC2 Owners are reluctant to attend an informal conference at the present time, we also appreciate the Intervenors’ concerns. The Board therefore requests that the TC2 Owners keep the parties apprised of any significant developments in this case, and specifically that they (1) inform the Board or the Commission if conditions change such that an informal conference in this case or in the Commission’s Case No. 2004-00507 addressing the labor issues raised in Intervenors’ motion might be warranted, and (2) file an interim report or an early final

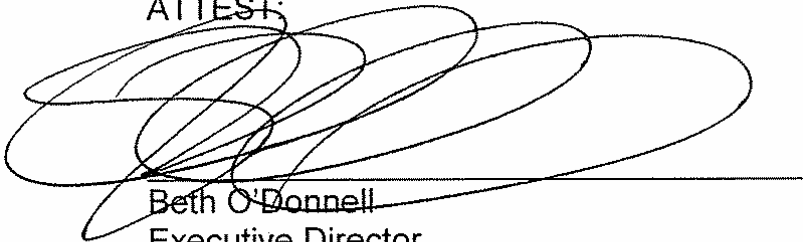
report if they believe such an early filing would be beneficial to the Commission, Board, or the parties and if commercial sensitivity and confidentiality will allow it.

IT IS THEREFORE ORDERED that Intervenors' motion for an informal conference in this case is denied.

Done at Frankfort, Kentucky, this 20th day of April, 2006.

By the Board

ATTEST:

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

Beth O'Donnell
Executive Director
Public Service Commission
on behalf of The Kentucky State Board on
Electric Generation and Transmission Siting