

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR A CERTIFICATE OF)	CASE NO.
PUBLIC CONVENIENCE AND NECESSITY FOR)	2005-00207
THE CONSTRUCTION OF A 161 KV ELECTRIC)	
TRANSMISSION LINE IN BARREN, WARREN,)	
BUTLER, AND OHIO COUNTIES, KENTUCKY)	

O R D E R

On April 12, 2007, the parties in the above-styled matter met in an informal conference at the offices of the Commission in Frankfort, Kentucky. The parties met to discuss whether, in light of Warren Rural Electric Cooperative Corporation's ("WRECC") decision in December 2006 to terminate its agreements with East Kentucky Power Cooperative, Inc. ("EKPC") for future power supply and to return to a power supply arrangement with the Tennessee Valley Authority ("TVA"), EKPC should surrender the Certificate of Public Convenience and Necessity ("CPCN") it obtained on October 31, 2005 to construct a 161 kV transmission line in Barren, Warren, Butler, and Ohio counties, Kentucky. The basis of the Commission's decision to grant the CPCN was EKPC's need to transmit power to WRECC, beginning in April 2008.

At the informal conference, counsel for Big Rivers Electric Corporation ("Big Rivers") stated that Big Rivers was considering a plan to obtain the rights to the CPCN for the northernmost 13 mile portion of the transmission line, which was proposed to run

from Big Rivers' Wilson Station to an existing Big Rivers transmission line south of the Green River (the "Paradise to New Hardin line"). Counsel for EKPC and Big Rivers requested that the Commission hold the case in abeyance for 60 days to allow Big Rivers and EKPC to discuss the issues further. The Commission requested that EKPC submit a motion to that effect, which EKPC agreed to do. However, prior to the filing of a motion by EKPC, Big Rivers submitted a letter to the Commission withdrawing its request to postpone the revocation of the CPCN. In its letter dated May 4, 2007, Big Rivers stated that it,

intends to construct, subject to the Commission's approval of this project and the closing of the anticipated transaction we refer to as the "Unwind Transaction," a 13-mile transmission line from its Wilson EHV substation to its existing Hardinsburg to Paradise (TVA) line. This proposed line is part of the East Kentucky transmission line project for which the CPCN was granted. Big Rivers will not seek assignment of East Kentucky's CPCN; instead, Big Rivers will file a separate application for a CPCN for Big Rivers to construct the 13 mile segment.

KRS 278.390 provides that all orders of the Commission "shall continue in force until . . .revoked or modified by the commission. . . ." Therefore, the Commission has authority to revoke an order, including an order granting a CPCN, if the grounds for granting the CPCN are later determined to have substantially changed or no longer exist.

The Commission's October 31, 2005 Order granting a CPCN to EKPC for construction of a 161 kV transmission line in Barren, Warren, Butler, and Ohio counties, Kentucky, was based on the evidence presented at that time that EKPC intended to use the proposed transmission project to supply power to WRECC. WRECC had served notice that it would switch wholesale power supply service to EKPC effective April 1,

2008.¹ However, in December 2006, WRECC announced that it would not be joining EKPC as a member co-op and would, instead, remain a TVA customer.

At the April 12, 2007 informal conference, counsel for EKPC stated that the company believes that, due to WRECC's withdrawal of its proposed membership in EKPC, there is no longer a need for the October 31, 2005 CPCN to build the transmission line. The Commission agrees with EKPC's conclusion, and the Commission finds that the October 31, 2005 Order granting a CPCN to EKPC for the construction of a 161 kV transmission line in Barren, Warren, Butler, and Ohio counties, Kentucky, should be revoked, as the grounds for the Order have substantially changed and, in fact, no longer exist.

IT IS THEREFORE ORDERED that the October 31, 2005 Order granting a CPCN to EKPC for the construction of a 161 kV transmission line in Barren, Warren, Butler, and Ohio counties, Kentucky, is hereby revoked.

Done at Frankfort, Kentucky, this 31st day of May, 2007.

By the Commission

ATTEST



Executive Director

¹ October 31, 2005 Order at 1.