

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND)	
ELECTRIC COMPANY FOR APPROVAL OF)	CASE NO.
LAND SWAP WITH AND LEASE OF LAND TO)	2011-00014
LOUISVILLE METRO GOVERNMENT)	

O R D E R

On January 7, 2011, Louisville Gas and Electric Company ("LG&E") filed an application requesting approval of a contract with the Louisville Metro Government ("Louisville Metro") for the sale and purchase of property, and the long-term lease of property located along the northwestern boundary of LG&E's Mill Creek Generating Station ("Mill Creek") adjacent to Watson Lane. Attached to LG&E's application as Exhibit A was a copy of the agreement with Louisville Metro dated December 28, 2010, which is titled "Sale and Purchase Contract for a Like Kind Exchange of Real Estate and a Long Term Lease of Real Estate," and which is hereinafter referred to as the "Agreement." Also attached to LG&E's application as exhibits were copies of maps showing the boundaries of the properties to be exchanged and those of the properties to be leased.

LG&E's application notes that, in a prior case involving the construction of generating units with its sister utility, Kentucky Utilities Company, both utilities were directed to not sell or lease any land at an existing generating site until Commission

approval was obtained.¹ The reasons for that requirement were the Commission's recognition of the finite nature and value of existing generating sites.

LG&E states that the purpose of the Agreement is to facilitate the plans of Louisville Metro to construct the Ohio River Levee Trail ("Trail"), one part of an extensive network of paved walking and biking trails to be built around the city. Louisville Metro intends to construct a one-acre parking area adjacent to Watson Lane for Trail users, with the Trail running just off of Watson Lane. Louisville Metro currently owns a one-acre tract, which is on Watson Lane adjacent to Mill Creek. However, due to its terrain, that tract is not readily accessible to the Trail and is not suitable for a parking area. Thus, LG&E has agreed to swap a nearby one-acre tract, which is now part of Mill Creek, for the neighboring tract owned by Louisville Metro. In addition, LG&E has agreed to lease for 99 years three adjoining tracts just off of Watson Lane, totaling approximately 1.6 acres, to be used as part of the Trail and for vehicular access between Watson Lane and the parking area.

Currently, there are no structures on the one-acre tracts to be swapped or the tracts to be leased. Mill Creek covers approximately 572 acres, and the application states that the proposed land swap and long-term lease will have no impact on LG&E's operations at the generating facility. Louisville Metro will make a one-time rental payment to LG&E of \$99 for the property to be leased; but no money will be exchanged for the one-acre tracts to be swapped, since each tract has an equal current market value of approximately \$15,000.

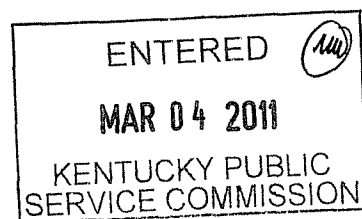
¹ Case No. 2002-00029, Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity for the Acquisition of Two Combustion Turbines, (Ky. PSC June 11, 2002).

An informal conference was held at the Commission's offices on February 11, 2011, and LG&E filed post-conference data responses on February 22, 2011. Those data responses included more detailed maps showing the tracts to be swapped and leased, and confirmed that any costs for removing and replacing a boundary fence will be the responsibility of Louisville Metro, not LG&E. There are no intervenors in this case, no hearing was requested, and this case now stands submitted for a decision.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that the proposed land swap and long-term lease of the Mill Creek property is reasonable, for a proper purpose, and should be approved. The transaction will promote a valuable public purpose in facilitating the construction of walking and biking trails for recreational uses, while having no adverse impact on LG&E's operations at Mill Creek.

IT IS THEREFORE ORDERED that LG&E's proposed Agreement with Louisville Metro for a land swap and long-term lease involving Mill Creek is approved.

By the Commission



ATTEST:

Cason D. Greenwell for
Executive Director

Honorable W. Duncan Crosby III
Attorney at Law
Stoll Keenon Ogden, PLLC
2000 PNC Plaza
500 W Jefferson Street
Louisville, KENTUCKY 40202-2828

Honorable Allyson K Sturgeon
Senior Corporate Attorney
LG&E and KU Energy LLC
220 West Main Street
Louisville, KENTUCKY 40202