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November 21, 2013

VIA HAND DELIVERY

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

RE: Case No. 2013-00291

Dear Mr. Derouen:

Enclosed for filing, please find one original and eight copies of East Kentucky Power Cooperative, Inc. ("EKPC") responses to Commission Staff's Initial Request for Information dated November 7, 2013 in the above referenced case.

If you have any questions or require additional information, please contact me.

Very truly yours,

David S. Samford (by Royce R. Cowden)

David S. Samford

Enclosures

cc: Harold, Ann and Brooks Barker
Hon. Alex Rowady

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2013-00291

RESPONSE TO INFORMATION REQUEST

**COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION DATED 11/07/13
REQUEST 1**

RESPONSIBLE PARTY: Ricky L. Drury

Request 1. Refer to EKPC's Answer to Complaint at page 3, paragraph 4.

a. Confirm that the first stated deviation resulted in the construction of an additional 8,000 feet of 345-kV/69-kV transmission line, as compared to the preexisting 69-kV transmission line.

b. State the additional cost of the 8,000-foot centerline deviation.

c. Explain the specific rationale for the 8,000-foot centerline deviation.

d. Confirm that the total length of the new centerline section is 13,200 feet.

Response 1. Please note that during the compilation of information for this request, EKPC became aware that it had erroneously calculated the centerline lengths for the deviated areas set forth in Paragraph 4 in its Answer to the Formal Complaint that was received by the Commission on October 10, 2013. The first deviated area was around the Hunt Substation (Exhibit 1-A-1 on enclosed CD) and was reported to be approximately 8,000 feet, when in fact this distance is actually 6,975 feet. The second and third deviated areas were near the North Clark Substation and were reported to be 2,800 feet and 2,400 feet respectively. These distances are actually 1,875 feet and 1,880 feet. (See Exhibit 1-A-2 on enclosed CD)

These errors in calculation were due to the use of an incorrect coordinate system that was referenced in EKPC’s GIS mapping system for this project. The corrected distances are based on the Kentucky State Plane, South Zone coordinate system which is the correct coordinate system for this project.

Response 1a. The final location of the Smith – North Clark 345kv Transmission line deviated from the preexisting 69kv, 100 foot wide right-of-way to by-pass the Hunt Substation (Exhibit 1-A-1 on enclosed CD) as shown below.

Deviation distance to by-pass the Hunt Substation	
Walsa P Shearer Estate	425 ft
Violet Foley Estate.....	<u>6,550 ft</u>
Total.....	6,975 ft

Response 1b. The additional costs or savings associated with the Hunt Substation deviation area are detailed below and based on \$840,000 per mile for labor and material and \$60,000 per mile for right-of-way acquisition.

Deviation area to by-pass the Hunt Substation ¹	
Original route centerline length	7,165 ft.....\$1,140,000
Original route right-of-way acres.....	11.65 ac..... <u>\$ 116,500</u>
Total estimated cost for original route.....	\$1,256,500
Final route centerline length	6,975 ft.....\$1,110,000
Final route right-of-way acres.....	8.00 ac..... <u>\$ 0.00²</u>
Total cost for final route.....	\$1,110,000

Savings of final route compared to original route \$146,500

¹The centerline lengths and right-of-way acres are based on the distance between “Point A” and “Point B” for each specific route as shown on Exhibit 1-A-1.

²The right-of-way to construct the final route across the Violet Foley Estate property was provided to EKPC by the property owner at no cost. The right-of-way for the final route across the Walsa P. Shearer property was obtained at no additional cost over what EKPC had agreed to pay the Shearer Estate for the original route.

Response 1c. In the area of the Hunt Substation, EKPC deviated from the original route at the request of representatives of the Violet Foley Estate. Part of the original route by-passed the Hunt Substation and the property owned by Donald and Linda Cartwright. The existing 69kv transmission line passed between the house and out building on the Cartwright Property.

At the open house meeting, the representatives of the Violet Foley Estate asked if the line could be moved to the back or East side of the property, away from the road frontage. In order to accommodate the request, the representatives of the estate agreed to give the one hundred and fifty foot (150') right-of-way to EKPC at no cost to EKPC. After discussions with the adjoining property owner (Walsa P. Shearer Estate) and preliminary design work, it was decided that it would be in EKPC's best interest to deviate from the original route.

Response 1d. The total length of constructed centerline that deviated from the original route is 10,730 feet. This includes 6,975 feet to by-pass the Hunt Substation and 3,755 feet to have a more direct and shorter line into the North Clark 345kv Substation. When EKPC personnel developed the original route, the final location of the North Clark Substation had not been established. Please note that 1,880 feet of this deviation in the North Clark area is located on EKPC's substation property. The total cost savings of the deviations compared to using the original route is estimated to be \$173,200.³

³This total reflects the Hunt Substation savings of \$146,500 as detailed in Response 1b and the savings for the North Clark Substation deviation which are estimated to be \$26,700.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2013-00291

RESPONSE TO INFORMATION REQUEST

**COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION DATED 11/07/13
REQUEST 2**

RESPONSIBLE PARTY: Ricky L. Drury

Request 2. Explain why the 8,000-foot deviation was not disclosed in EKPC's October 7, 2005, request for a staff opinion.

Response 2. At the time of the Staff opinion request in October of 2005, EKPC had not made contact with any property owners and had not finalized the location of the North Clark Substation. The deviation on the Foley Estate property only occurred after EKPC's open house meeting in November and meetings with the property owners. As a result, EKPC was not aware at the time the request for a Staff opinion was made that the deviation on the Foley property would occur.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2013-00291

RESPONSE TO INFORMATION REQUEST

**COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION DATED 11/07/13
REQUEST 3**

RESPONSIBLE PARTY: Ricky L. Drury

Request 3. Identify when EKPC became aware that the bypass of the existing Hunt substation would require a separate and new centerline of 8,000 feet.

Response 3. The deviation from the original route near the Hunt Substation was requested at the open house meeting in November, 2005. The one hundred and fifty foot (150') easement for the deviated route was signed by Charles William Foley, Bonnie J. Foley, David Lynn Foley, and Wendy Foley on March 28, 2006.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2013-00291

RESPONSE TO INFORMATION REQUEST

**COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION DATED 11/07/13
REQUEST 4**

RESPONSIBLE PARTY: Ricky L. Drury

Request 4. Explain why EKPC did not request a certificate of public convenience and necessity when it learned that the relocation of one segment of the separate and new centerline would require an extension of 8,000 feet.

Response 4. With the exception of 425 feet of the new centerline, the entire relocation was on the property of one set of landowners, who requested the relocation of the centerline. The new centerline was consented to by both sets of landowners upon whose land the transmission line crossed and also by the landowner owning the parcel adjoining the new centerline. In consideration of the relocation, the affected landowners gave the necessary right-of-way to EKPC either free of charge or at no additional cost. Thus, the relocated centerline allowed EKPC to satisfy the only affected landowners and offered a net cost savings when compared to the cost of the original route. Moreover, as set forth in Response 1a and Response 1b, the relocated line was actually 190 feet shorter than the original route that was contemplated in the 2005 request for an advisory opinion from Commission Staff. EKPC believed at the time that: (1) the nature of the project as a replacement and upgrade of existing facilities; (2) the net cost savings realized from the deviation; and (3) the request and consent of the affected landowners brought this deviation within the safe harbor provisions of KRS 278.020(2). EKPC recognizes that this deviation should have been communicated to the Commission in 2006.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2013-00291

RESPONSE TO INFORMATION REQUEST

**COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION DATED 11/07/13
REQUEST 5**

RESPONSIBLE PARTY: Ricky L. Drury

Request 5. State how the amount of the \$37,800 initial offer for the additional easement over the Barker property was determined.

Responses 5. EKPC personnel conducted a market survey of sales of tracts of property comparable to the Barker farm. EKPC right-of-way personnel divided the Barker farm into two (2) tracts for negotiation purposes, given the fact that the Barkers acquired the farm by way of a deed for fifty (50) acres and a separate deed for one hundred fifty (150) acres. The fifty (50) acre tract was the frontage tract and was estimated to have a higher contributing value of \$12,000.00 per acre. The rear one hundred fifty (150) acre tract had a contributing value of \$6,344.41 per acre. The 1.40 acres of additional easement right-of-way on the frontage portion multiplied by \$12,000.00 per acre yields \$16,800.00, and the 3.31 acres of additional easement right-of-way on the rear portion multiplied by \$6,344.41 per acre yields \$21,000.00 for a total of \$37,800.00. The offer of \$37,800 was a final offer made to the Barkers in a letter from William A. Sharp, right-of-way agent for EKPC, in a letter dated June 29, 2006, page 2 of 2 of this response.

June 29, 2006
RE: Final Offer
Smith – North Clark Project – W. O. #21461
Map #200, 201
Clark County, Kentucky

Harold and Ann Barker
5450 Mt. Sterling Road
Winchester, KY 40391

Dear Mr. And Mrs. Barker:

As Right of Way Agent for East Kentucky Power Cooperative, I have been unable to negotiate a settlement with you for a Transmission Line Easement and an Amended & Restated Transmission Line Easement across your property in Clark County, Kentucky.

An Evaluation by our Right-of-Way Department was made of the subject easements and it has been determined that the additional easement of fifty feet (50') wide, four thousand one hundred and thirteen feet (4113') long, containing 10 poles, 4 guys, would not depreciate your property value more than \$37,800.00.

Please consider this offer and give your response to EKPC no later than July 5, 2006. Unless you have responded by the aforementioned date, EKPC will assume you have rejected the offer and do not wish to respond.

Thank you for your time and if you have any questions please call me at the number listed below.

Sincerely,

William A. Sharp, Right of Way Agent
East Kentucky Power Cooperative
P. O. Box 707
Winchester, Kentucky 40392-0707
(859) 745-9581

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2013-00291

RESPONSE TO INFORMATION REQUEST

**COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION DATED 11/07/13
REQUEST 6**

RESPONSIBLE PARTY: Ricky L. Drury

Request 6. Refer to EKPC's Answer to the Complaint at page 6, paragraph 13.

a. Describe the Barker's request regarding the placement of one of the pole structures and the actual alterations made as a result of the request.

b. Provide any written or other documentation regarding the Barker's request for alteration of the placement of the subject pole structure.

c. State whether any other request regarding placement of the transmission line or poles was received from the Barkers prior to the transmission line's upgrade.

d. Provide the records documenting the Barker's attendance at the November 2005 open house.

Response 6a. On February 8, 2006, Dan McNickol, a former EKPC employee, and Michael Wells, a contractor for EKPC, met with Mr. and Mrs. Barker and their son to discuss the easement acquisition. At this meeting, the location of structure UT-79 was discussed. The location of this structure was again discussed in meetings with Mrs. Barker on March 20 and April 27 of 2006. It was decided that if Mr. Fred Farris, the property owner on the South side US-60, would agree to a revised location of structure UT-78, EKPC would proceed with the re-design.

Mr. Farris agreed to the revised location, and the section of line between structures UT-78 and UT-80 was re-designed to remove structure UT-79. The removal of structure UT-79 was made possible by using taller poles on structures UT-78 and UT-80.

Response 6b. See EKPC Exhibit 6-B-1 on the enclosed CD, meeting notes from Michael Wells and an estimate prepared for the cost of removing structure UT-79 on page 3 of 3 of this response.

Response 6c. EKPC could not locate any documentation regarding the placement of the transmission line or poles prior to the upgrade of the transmission line.

Response 6d. See EKPC Exhibit 6-D-1 on the enclosed CD, open house attendee list and Exhibit 6-D-2 on the enclosed CD, notes by EKPC personnel regarding property owner concerns (open house forms).

Exhibit 6-B-2

Existing Design				Proposed Design			
UT-78	Material	Labor	Total	UT-78	Material	Labor	Total
95'-LD-05	\$5,282	\$6,126	\$11,408	140'-LD-08	\$12,000	\$10,000	\$22,000
95'-LD-05	\$5,282	\$6,126	\$11,408	140'-LD-08	\$12,000	\$10,000	\$22,000
			\$22,816				\$44,000
UT-79	Material	Labor	Total	UT-79	Material	Labor	Total
95'-LD-04	\$4,992	\$5,736	\$10,728	--	--	--	--
100'-LD-04	\$6,100	\$5,736	\$11,836	--	--	--	--
			\$22,564				\$0
UT-80	Material	Labor	Total	UT-80	Material	Labor	Total
100'-LD-04	\$6,100	\$6,395	\$12,495	140'-LD-05	\$10,586	\$10,000	\$20,586
100'-LD-04	\$6,100	\$6,395	\$12,495	140'-LD-05	\$10,586	\$10,000	\$20,586
			\$24,990				\$41,172
TOTAL		\$70,370		TOTAL		\$85,172	

DIFFERENCE = \$14,802

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COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION DATED 11/07/13
REQUEST 7

RESPONSIBLE PARTY: Ricky L. Drury

Request 7. State whether EKPC received any requests from other individuals to alter the placement of the upgraded transmission line, identify any such requests, and state whether EKPC consented to or denied those requests.

Response 7. EKPC received requests from 4 other property owners to alter the placement of the upgraded transmission line.

Mr. Russell Morin, a property owner along Morris Road, requested that the transmission line be moved behind his house. This request was denied due to the length and cost of the relocation as well as the adverse affect on adjoining property owners.

Representatives from the Violet Foley Estate, the property owner adjacent to the Hunt Substation, requested that the transmission line be moved to the back of the property. See EKPC response to question 1c.

Taylor and Dorothy Reffett, property owners along KY Highway 1961, requested that the transmission line be relocated behind their detached garage. This request was denied due to the length and cost of the relocation. However, EKPC did shift the centerline away from the house, but it still remained within the existing 100' wide easement.

Carl and Brenda Abney, property owners along KY Highway 1961, requested that the transmission line be relocated toward either side of their property. This request was denied due to the length and cost of the relocation as well as the adverse affect on adjoining property owners.