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July 20, 2005

HAND DELIVERY

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RE: Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity for the Construction of Transmission Facilities in Franklin, Woodford and Anderson Counties, Kentucky
Case No. 2005-00154

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and ten copies of Kentucky Utilities Company's Response to Concerned Citizens Against the Power Line Extension's Motion to Dismiss and Request for Hearing in the above-referenced matter. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions or need any additional information, please contact me at your convenience.

Very truly yours,

A handwritten signature in black ink, appearing to be "J. Gregory Cornett".

J. Gregory Cornett

JGC/ec

Enclosures

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF)	
KENTUCKY UTILITIES COMPANY FOR)	
A CERTIFICATE OF PUBLIC CONVENIENCE)	CASE NO.
AND NECESSITY FOR THE CONSTRUCTION)	2005-00154
OF TRANSMISSION FACILITIES IN)	
FRANKLIN, WOODFORD AND)	
ANDERSON COUNTIES, KENTUCKY)	

**RESPONSE OF KENTUCKY UTILITIES COMPANY
TO CONCERNED CITIZENS AGAINST THE POWER LINE EXTENSION'S
MOTION TO DISMISS AND REQUEST FOR HEARING**

Applicant, Kentucky Utilities Company, ("KU") respectfully submits this response to the Concerned Citizens Against the Power Line Extension's ("Citizens") Motion to Dismiss filed herein on July 18, 2005. Notice to landowners was given properly in accordance with the applicable administrative regulations and KU has demonstrated a need for the proposed transmission facilities on the schedule set forth in the Application. Therefore, the Motion to Dismiss should be denied.

In the Motion to Dismiss, the Citizens state that they are aware of one individual listed by KU as having been mailed notice of this proceeding who allegedly did not receive that notice. The Citizens then argue that this alleged failure of receipt of notice requires the dismissal of this proceeding. That argument is without merit.

First, as a procedural matter, the Citizens do not have standing to move to dismiss this proceeding on the grounds that an individual, not a member of the Citizens' group, allegedly did not receive proper notice.

Second, 807 KAR 5:120, Section 2(3) is applicable to this situation and requires the utility to file the following information: "A verified statement that, according to county property

valuation administrator records, each property owner over whose property the transmission right-of-way is proposed to cross has been sent by first-class mail, addressed to the property owner's address as indicated by the county property valuation administrator . . . [certain information about the proceeding]." The individual identified in the Motion to Dismiss is listed on Exhibit 3 to the verified Application herein as a person to whom the notice to landowners was sent. In addition, the address of the individual, as shown by the county property valuation administrators' records, is set forth in the same exhibit.

The Citizens do not allege that KU did not send the notice or that the address set forth in Exhibit 3 is not that shown by the county property valuation administrators' records for the individual in question at the time notice was provided.¹ Instead, all the Citizens have offered is the alleged "awareness" that the individual did not receive the notice. Thus, the Citizens have not demonstrated any failure to comply with the clear provisions of 807 KAR 5:120, Section 2(3). Moreover, in light of the fact that he has made the Citizens "aware" of the alleged failure to receive notice, it appears that the individual at issue has actual knowledge of this proceeding, which of course is the very purpose of the notice provision in the regulation.

The Citizens also argue that the Joint Application should be dismissed because it is premature. First, the Citizens claim that the Commission has not issued a certificate of public convenience and necessity for the new generating unit described in Case No. 2004-00507 and that the Attorney General has contested the application in that case. There is no reason that this proceeding should be delayed until after the issuance of an order in Case No. 2004-00507. The transmission project which is the subject of this proceeding, together with other pending proceedings involving transmission projects and the new generating unit ("TC2") which is the

¹ KU verified, after receipt of the Motion to Dismiss, that the address to which the notice was sent was the mailing address of record, per the county property valuation administrator, at the time notice was sent.

subject of Case No. 2004-00507, is part of KU's plan to remain in a position to provide reliable, low-cost power to its native customers. In order to be able to have the facilities in place when they are forecast to be needed, and given the length of time needed for regulatory approval, right-of-way acquisition and construction, it was necessary for KU to file the Application in this proceeding on the timetable which has been followed. KU gave great consideration to the timing of this proceeding and the pending project, and the coordination of this proceeding with Case No. 2004-00507 was the subject of an informal conference with Commission Staff and other interested parties on January 13, 2005, and all in attendance agreed with the general timeline to be followed. Therefore, there is nothing premature about KU's Application in this proceeding.

The Citizens next argue that the Application is premature because KU, MISO and Liberty Consulting Group ("Liberty") all agree that the transmission line is not needed until five years after the commercial operation of TC2, and that it is then only needed to meet "voltage problems" in Franklin, Anderson and Woodford Counties. With regard to the first part of that claim, which is not supported by any citation to the record, the Citizens are simply incorrect. It is the contention of KU, as fully supported by the studies of MISO and the evaluation and report by Liberty, that the subject line is in fact needed at the time TC2 is planned for commercial operation in 2010. Neither KU, MISO nor Liberty has ever stated that the line is not needed until 2015. Indeed, in its Final Report to the Commission in this proceeding, Liberty concluded as follows, on page III-8:

Liberty concurred with LG&E/KU that the preferred alternative of constructing a new 138 kV line from West Frankfort to Tyrone is necessary to accommodate the integration of TC2 into the transmission system. Liberty did not identify other upgrades of the existing system that appear capable of providing the required system relief.

Liberty found that the economic analysis performed by LG&E/KU was comprehensive, adequate, and reasonable and that the relative

economic relationship of the alternatives remains intact even with the delay of the TC2 in service date to 2010.

Furthermore, with regard to the reference to “voltage problems,” the Citizens are confused. The subject line is needed for the integration of TC2 into the transmission system, and is not being installed to address future voltage problems.²

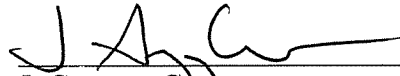
Finally, the Citizens’ have requested that their Motion be set for a hearing (presumably meaning an oral argument) on either July 20 or 21, 2005. Both of those dates are reserved for a hearing in Case No. 2003-00266, as shown on the Commission’s website. Regardless, there is no reason for an oral argument on this motion. The record contains all the information the Commission needs to decide the Motion to Dismiss. As demonstrated above, KU complied with the landowner notice provision of the Commission’s regulations, and all the attorney argument in the world will not change that fact. The Citizens’ “premature filing” argument is nothing more than an attempt to delay this proceeding and should be rejected. Again, attorneys’ oral arguments will not change the facts or the contents of the studies and reports of record, which the Citizens have mischaracterized to support their argument.

For all of the foregoing reasons, KU respectfully submits that the Citizens’ Motion to Dismiss and request for oral argument should be denied.

² The Citizens appear to be confusing the line which is the subject of this proceeding with the line at issue in Case No. 2005-00142. The line in that case is also being constructed to address the integration of TC2 into the transmission system, but will also alleviate expected voltage problems in the Hardin County (not Franklin, Anderson or Woodford Counties) area without the necessity of additional lines.

Dated: July 20, 2005

Respectfully submitted,



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CERTIFICATE OF SERVICE

This is to certify that the foregoing Response has been served by mailing a copy of same, postage prepaid to the following persons on this 20th day of July 2005:

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