# INTRA-AGENCY MEMORANDUM

# KENTUCKY PUBLIC SERVICE COMMISSION

- TO:File: Case Nos. 2005-00467 and 2005-00472Louisville Gas & Electric Company and Kentucky Utilities Company<br/>Transmission Certificate Case
- FROM: PSC staff
- **DATE:** March 14, 2006
- **RE:** Summary of comments received at public hearing 3/6/06

The Kentucky Public Service Commission's (PSC) public hearing in Case Nos. 2005-00467 and 2005-00472 for an electric transmission line certificate requested by Louisville Gas and Electric Company and Kentucky Utilities Company (LG&E/KU or Applicants) convened at 6 p.m. EST on Monday, March 6, 2006, in the Pritchard Community Center, 404 S. Mulberry Street, Elizabethtown, Kentucky.

Present were Chairman Mark David Goss, Vice-Chairman Teresa Hill, Commissioner Greg Coker, and members of the PSC staff. The proceeding was videotaped.

One hundred nine members of the public attended the meeting. Twenty-nine of those people made oral comments to the PSC. Others also submitted written comments.

After Chairman Goss made introductory remarks, Hank Graddy and Bob Griffith, representing several of the intervenors, made opening statements. John Wolfram from LG&E/KU then made an opening statement on behalf of the Applicants.

The public comments were as follow:

- State Representative Jimmie Lee urged the Commission to deny a certificate for both lines. He said the 467 case is just a rehash of the line already rejected last year by the Commission. As for the 472 case, he said the Applicants should be required to collocate the line along existing rights-of-way. He said he understood why new lines must be built, but he urged the Commission not to require that they be over new property. He requested a re-examination of any cost studies showing collocated lines to be more expensive than ones over new property.
- State Representative Gerry Lynn endorsed the comments of Rep. Lee.
- Samuel Coyle owns three lots, and he said the proposed line would cut all of them corner to corner, taking the greatest possible portion of his land. The land is not good for farming, so he grows timber. He said if the timber is cut, the land will be useless. He urged more collocation.

- Dennis Cunningham and his wife own 150 acres. He said he should have the freedom to own his own land. He urged more collocation.
- Loetta Morris said her family's property would be impacted by the alternative line location. She said the property is already encumbered by a water easement, and she does not want it further encumbered.
- Aloma Williams Dew, representing the Sierra Club, urged collocation. She said the current two proposals threaten undeveloped areas, wetlands, and forests. She said the herbicides that the Applicants will use can affect wildlife and ground water. The lines will also have an adverse impact on the views in the area.
- Jennifer Hardin urged collocation. She said the proposed route will adversely affect 110 farms. Given the number and variety of the impacts (such as the loss of timber and the effect on future development), she questioned the adequacy of the compensation that owners would get in eminent domain cases.
- Johnny Jameson said a reliance on big transmission lines makes them vulnerable to ice storms. He suggested they should be placed along interstate highways and other roads.
- Mary Jent, who lives on a farm that has been in the family for 60 years, said the line will run between her house and the place where her son intended to build a house. It would cut her front field in half. She worries about the effect on her grandchildren.
- Joseph Bush urged collocation.
- Floyd Dobson questioned the adequacy of any compensation, saying the line would ruin his land for timber potential. He has lived on his 45 acres for 53 years, and he wants to leave it to his offspring in its current condition.
- Eugene Sheeran urged collocation to protect farms. He said the line would impact his full 80 acres of agricultural land, and he pointed out that when the farm land is gone, it's gone.
- James Thompson lives on an 80-acre farm, which would be cut in half in value by the line. He noted the taking of young timber, which is not ready to harvest, the visual impact, and the effects on the wildlife and migratory birds that use his land. He said he lives half a mile from the Cunninghams' preserve, and he would suffer in the same way they will.
- Richard Goodman would be affected by the alternate line location. He complained about not having been contacted or having enough information. He said he already has one line on his land.
- Hansell Pyle, Jr., said the 60-foot high, 50-year-old pines on his land would have to be cut. All his income comes from cattle farming, and he said if the line will impact wildlife and migratory birds, it will impact his cattle too. He urged collocation.
- Cathy Cunningham opposes both routes. She said the preferred route would take 1700 feet of prime road frontage on her land. She complained that the Applicants will disperse the electricity carried by the new line onto the wholesale market.
- Dan Hardaway's 110 acres will be impacted by both routes. He has 12,000 black walnuts trees that are 25 years old that will be adversely affected.

- Larry Edelen has two tracts of land that will be affected. He worried about the visual impact and how his tractor GPS equipment will operate.
- Charley House opposes both lines. His mother has 109 acres, which includes his father's grave, that will be impacted; and he owns 206 acres. His land already has one line on it, and the new line would connect with that one on his property. He wondered about underground transmission.
- Pat Losey said both lines would cut through the middle of her land. She has horses, cemeteries, and 53 acres of virgin timber that would be affected.
- Annette Straney opposes both lines. She has two farms, one of which would be cut in half, and she worried about the impact on her GPS equipment.
- Harold Sampson urged collocation. He said landowners should be allowed to maintain the value of their land even if collocation is more expensive. He said he has sinkholes where the lines would run, and there are cemeteries nearby.
- Edwin Snyder owns 700 acres, and both routes would go almost through the center. He has tree farms, and consultants have advised him on how best to preserve the timber. With the new line, he would lose a 200 foot swath and the consequent income. On his land are pioneer cabin sites and a house and outbuildings that are on the National Historic Registry. He said he has always tried to be a good citizen, demonstrated by his agreeing to have a water tower on the edge of his property. He does not believe he should also have to have this line.
- Bill Hay, a magistrate in Meade County, said the line runs through his district. He urged the Commission not to approve it unless it was absolutely required.
- Curtis Sutherland said the motivation for the proposed line is simply greed. He said the line should go straight rather than curve around as the Applicants have proposed.
- Terry Jenkins questioned the Applicants' estimates of the cost of collocation. She said the Commission should seek an independent source to determine the cost.
- Christy Hager spoke on behalf of her recently deceased grandfather. She said he would have wanted the Commission to deny the proposed route, which runs through the middle of his land.
- Alicia Null said the line would cut through her parents' property where she had hoped to build a house. She complained about the visual impact of the line and urged collocation.

Public comments concluded at about 9 pm EST, at which point Chairman Goss adjourned the hearing.

**Public Comment Sign-up Sheet** LG&E/KU Jefferson-Hardin Transmission Line Public Hearing – Case Nos. 2005-00467/00472 March 6, 2006

Address

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LG&E/KU Jefferson-Hardin Transmission Line Public Hearing – Case Nos. 2005-00467/00472 March 6, 2006

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To:Public Service CommissionFrom:Concerned Residents of the State of KentuckyDate:February 2006February 2006For Nearing on March b, 2005Subject:Docket No. 2005-00467Louisville Gas and Electric Company and the Kentucky Utilities Company versus your Kentucky Constituents

I have read the attached memo and have signed below. I am requesting that the Public Service Commission deny Louisville Gas and Electric Company and Kentucky Utilities Company their application in Case Docket No. 2005-00467.

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Thank you for allowing us to address the grounds upon which this case should be denied. We would like for the Public Service Commission (PSC) to give a definitive answer of "NO" to Louisville Gas and Electric Company and the Kentucky Utilities Company who are managed by the E.ON US owned by E.ON AG, a company whose stated vision and mission includes being "the Midwest's leading power and gas company" (www.eonus.com/home.asp and www.eon.com). This vision and mission leads us to conclude that the company wishes to expand throughout the Midwest/United States and is using Kentucky's resources, land, government and people to launch this expansion and profit from what we have worked so hard to acquire.

For more information on the vision and mission of this company, please visit the following websites: <u>www.eon-us.com/home.asp</u> and <u>www.eon.com</u>

# Please consider the following in your decision:

1. Is there a need for the expansion of transmission lines in and for the state of Kentucky?

2. Has the company thoroughly explored the use of existing routes and lines?

3. The short turnaround on the denial of the original request (Case No. 2005-00142) to the refiling of basically the same request (Case No. 2005-00467).

4. What we perceive as the perfunctory response the company has shown in carrying out the directives given by the Public Service Commission in the original Docket Case No. 2005-00142.

5. Our opinion that the company has failed to acknowledged the true concerns of the landowners and has demonstrated an unwillingness to recognize the true worth and purpose of the land.

# 1. Is there a need for the expansion of transmission lines in and for the state of Kentucky?

Louisville Gas and Electric Company and the Kentucky Utilities Company, owned by E.ON AG, a German-based company, and managed by E.ON US based in Louisville, Kentucky, appears to have every intention to use Kentucky's land, people, and government to increase its profit and expand its territory to and through the Midwest area of the United States. The attached map which was obtained from E.ON's website "An Attractive Region Within the U.S" shows the company's plan for expansion.

Map Location page 125 of the E.ON's <u>Strategy and Key Figures 2005</u> Publication http://www.eon.com/en/downloads/StrategieKennzahlen2005\_en\_USMidwest\_20050524.pdf With the modest growth of population in Kentucky in the last few years of approximately 2.6 percent (US Census Bureau http://quickfacts.census.gov/qfd/states/21000.html) and even lower in Hardin County, E.ON US, who manages Louisville Gas and Electric Company and the Kentucky Utilities Company, does not need to expand their transmission line territory to serve the people of Kentucky. We believe this company is using you and all the people affected by the transmission lines to expand their territory in the United States and increase their profit with little benefit to the Kentucky residents. The following are a few quotes from E.ON US and E.ON AG websites (www.eon-us.com/home.asp and www.eon.com) to show the vision, mission and goals for this multi-million dollar company. Please take the time to read these quotes. We believe these quotes demonstrate there is not an immediate need for these transmission lines in Kentucky, but it is an immediate need for E.ON AG who owns E.ON US, whose make up consist of Louisville Gas and Electric Company and Kentucky Utilities Company as well as one other Kentucky based utility company, to increase their profits and territory on the backs of the hard-working people of Kentucky—your constituents.

**"E.ON Vision:** E.ON will be the world's leading power and gas company." **"E.ON U.S. Vision:** E.ON U.S., as E.ON's U.S. platform, will be the Midwest's leading power and gas company."

"E.ON further confirmed its confidence in LG&E and the U.S. market when it announced plans to maintain and grow our company."

"Our presence in the Midwest is the foundation upon which further expansion is possible in the United States, the world's largest power and gas market."

"In recent years, E.ON has made a series of small and medium-sized acquisitions as part of its carefully targeted plan to round out its existing businesses and close gaps in its geographic market coverage and its integrated power-and-gas value chain. All of these measures have been motivated by one, clearly defined objective: We want to exploit synergy potential and thereby grow the company's and hence shareholder value."

"This acquisition will make E.ON the second-largest power utility in the world and Powergen's Kentucky-based subsidiary, LG&E Energy, will give E.ON access to the world's largest energy market."

"We concentrate on our target markets: Central Europe, the European gas sector, Great Britain, northern Europe, and the U.S.A."

"E.ON has defined five target markets: The integrated markets for the distribution and sale of power and gas are Central Europe (<u>Central Europe</u>), the United Kingdom (<u>UK</u>), Northern Europe (<u>Nordic</u>) and the Midwest of the United States of America (<u>US-Midwest</u>). Procurement, trading and transportation of natural gas takes place in a market that spans all of Europe (<u>Pan-European Gas</u>)."

"Today, we have achieved a strong position in all these markets. But we want to further improve our strength by profitably expanding all along the value chain while attaining the best performance possible."

Relevance of LG&E Energy: "After more than three successful years as part of the E.ON family, LG&E Energy, the parent company of Louisville Gas and Electric Company, Kentucky Utilities Company and Western Kentucky Energy, is now E.ON U.S."

### The above quotes were found on one of the two websites listed below in January 2006. <u>www.eon-us.com/home.asp</u> www.eon.com

It appears to us that the vision, mission and goals of E.ON US, who manages and controls Louisville Gas and Electric Company and the Kentucky Utilities Company, includes expanding to the Midwest of the United States and profiting considerably from this expansion. It is our contention that the company's vision does not include the best interest of Kentucky residents, nor a concern for Kentucky's utilities needs. It appears to us that the company is certainly not concerned about the hard-working people in the affected area.

# 2. Has the company actually explored the use of existing routes and lines?

Louisville Gas and Electric Company and the Kentucky Utilities Company aka E.ON US, took less than three months to come back to PSC with basically the same proposal. Are we to believe they have completed a thorough evaluation in less than three months? Are we to believe it will cost them more to use existing routes and lines than to create more routes and lines throughout Kentucky especially if they pay the hard-working residents the true and fair value of the land they desire to take over? Their findings cannot be proved or disproved by us. We cannot afford to have our own survey and evaluation completed, but our common sense tells us that what we are expected to accept is indeed questionable. The application they submitted in less than three months from the originally disapproved application appears to be a quick comparison of some options. Was this just an attempt by the company to throw out these figures and hundreds of pages of documentation knowing they are dealing with people who do not have the time, resources, or expertise to dispute this?

One question to be asked: Did this company's study compare "apples and apples" or "apples and oranges"? It appears they included the cost of upgrading and fixing the existing lines when they compared costs between the existing routes and the new routes. The cost to upgrade and fix existing lines should not be included when the company is comparing the new route to the existing route. Upgrading and fixing existing routes should be part of this company's maintenance cost regardless of what route they use. If the company is not planning to upgrade and fix these existing lines regardless of PSC's decision, what harm is this to our state and the people already within those existing routes?

One final note--If using existing routes and lines actually does cost this multi-million dollar company a bit more money, how does that compare to the loss of the use of Kentucky land for development, decrease in value of the land they are confiscating, expense to Kentucky residents, as well as, loss of revenue, income, inheritance, physical health, and emotional stress that has been placed on your constituents in the state of Kentucky—not once, but twice in a matter of a few months. This is putting our lives on hold and an unbearable burden on us until you give the company a definitive answer of "NO".

# 3. The short turnaround on the denial of the original request (2005-00142) to the re-filing of basically the same request (2005-00467).

There were several directives given to Louisville Gas and Electric Company and the Kentucky Utilities Company by PSC from the company's earlier request for transmission lines, Docket No. 2005-00142. We believe this company has provided a cursory response to this request. It has taken the company less than three months to provide a cost analysis of some major projects and contact hundreds of individuals and respond to their concerns. This company knew the minimum they needed to do, and then turned around and submitted an almost identical request. Please don't give this company a pass on this kind of response. Your Kentucky constituents involved took your directive seriously and had a feeling of relief that you had listened to us and had the same concerns we did. The fact that a postponement of this hearing was necessary because Louisville Gas and Electric Company and Kentucky Utilities Company evidently overlooked people who are being directly affected by these transmission lines and the resubmission of paperwork because it was in error, appears to demonstrate a superficial response by this company. They did not meet the minimum directives before they filed the request of Case No. 2005-00467. Again, please give this company a definitive "NO". Let us go on with our lives, providing for our families, and hoping to leave our children and grandchildren a modest inheritance instead of providing the company (in their own words) a way "to exploit synergy potential and thereby grow the company's and hence shareholder value." (www.eonus.com/home.asp and/or www.eon.com)

# 4. What we perceive as the perfunctory response the company has shown in carrying out the directives given by the Public Service Commission in Docket Case No. 2005-00142.

In the original Docket Case Number 2005-00142, Louisville Gas and Electric Company and the Kentucky Utilities Company were directed by the Public Service Commission to notify the landowners and address their concerns. PSC also told the company to consider other viable options, especially existing transmission lines. We believe proof of the perfunctory effort the company gave to these directives is 1) the quick turnaround—less than three months—of their intention to file the same request as before, and 2) the postponement of this hearing because they did not complete the directive from you to contact individuals affected by the transmission lines.

If the Public Service Commission's simple directive of contacting the landowners has been botched by this company, then how are we to believe these hundreds of pages of documents, millions-of-dollars comparisons, and the company's studies are without error?

If any error should be made, it should be in favor of the landowners, whose lives and livelihood are being destroyed. The company has options. We, the landowners, do not. We have invested our lives, money and retirement to obtain a little bit of the "American dream".

# 5. Our opinion that the company has failed to acknowledged the true concerns of the landowners and has demonstrated an unwillingness to recognize the true worth and purpose of the land.

Public Service Commission asked this company to address our concerns. Our concerns were not addressed. We believe they went through the motions; however, we believe they came up short. It appears they did this for PSC's benefit; not ours. The Company failed to make any significant changes in their plan, and it appears they had no intention to—compare Case No. 2005-00142 with 2005-00467.

The questions may have been answered in an obligatory fashion to satisfy PSC, but they have not addressed the true life concerns we have. Here are some of our real life concerns and the responses we received from the company:

# **Concern:**

We have invested, planned and worked hard in order that we may retire comfortably.

# Answer:

If we cannot agree on fair market value the company will "utilize our right of eminent domain."

# Concern:

We would like to enjoy and develop our property as we see fit and as our needs change.

# Answer:

"...easement does not allow for permanent structures...the easement will not prevent you from constructing roadways..."

# Concern:

The worth of the land in this affected area is **not** low, market-value farmland. This is prime land for farming and land that is sought after by developers who are willing to pay top dollar for our property. The transmission lines do not just affect the "200 feet of easement", but the many miles of surrounding land that will lose its value because of these lines.

# Answer:

"...the **Company** will have a licensed appraiser perform market analysis along the approved route."

Some of us affected by these transmission lines are proud new home/landowners and others of us have owned and cared for this land for generations. We are and have been **good stewards** of this land, and we want to continue this for generations to come. Our "blood, sweat and tears" have gone into this land we love, and they are taking it from us. You are our last hope; don't let them profit off the backs of your Kentucky residents.



- 29% of US electricity demand is in the Midwest<sup>2</sup>
- Important power interchanges with good network/grid interfaces
- Heavily industrialized region
- Potential for consolidation in a fragmented market
- Favorable regulatory conditions

'MAIN - Mid-America Interconnected Network; ECAR - East Central Area Reliability Coordination Agreement; MAAC - Mid-Atlantic Area Council 'Defined as ECAR, MAIN and MAAC.

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# Please consider the following in your decision:

1. Is there a need for the expansion of transmission lines in and for the state of Kentucky?

2. Has the company thoroughly explored the use of existing routes and lines?

3. The short turnaround on the denial of the original request (Case No. 2005-00142) to the refiling of basically the same request (Case No. 2005-00467).

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Louisville Gas and Electric Company and the Kentucky Utilities Company, owned by E.ON AG, a German-based company, and managed by E.ON US based in Louisville, Kentucky, appears to have every intention to use Kentucky's land, people, and government to increase its profit and expand its territory to and through the Midwest area of the United States. The attached map which was obtained from E.ON's website "An Attractive Region Within the U.S" shows the company's plan for expansion.

Map Location page 125 of the E.ON's <u>Strategy and Key Figures 2005</u> Publication <u>http://www.eon.com/en/downloads/StrategieKennzahlen2005\_en\_USMidwest\_20050524.pdf</u>

With the modest growth of population in Kentucky in the last few years of approximately 2.6 percent (US Census Bureau http://quickfacts.census.gov/qfd/states/21000.html) and even lower in Hardin County, E.ON US, who manages Louisville Gas and Electric Company and the Kentucky Utilities Company, does not need to expand their transmission line territory to serve the people of Kentucky. We believe this company is using you and all the people affected by the transmission lines to expand their territory in the United States and increase their profit with little benefit to the Kentucky residents. The following are a few quotes from E.ON US and E.ON AG websites (www.eon-us.com/home.asp and www.eon.com) to show the vision, mission and goals for this multi-million dollar company. Please take the time to read these quotes. We believe these quotes demonstrate there is not an immediate need for these transmission lines in Kentucky, but it is an immediate need for E.ON AG who owns E.ON US, whose make up consist of Louisville Gas and Electric Company and Kentucky Utilities Company as well as one other Kentucky based utility company, to increase their profits and territory on the backs of the hard-working people of Kentucky—your constituents.

"E.ON Vision: E.ON will be the world's leading power and gas company." "E.ON U.S. Vision: E.ON U.S., as E.ON's U.S. platform, will be the Midwest's leading power and gas company."

"E.ON further confirmed its confidence in LG&E and the U.S. market when it announced plans to maintain and grow our company."

"Our presence in the Midwest is the foundation upon which further expansion is possible in the United States, the world's largest power and gas market."

"In recent years, E.ON has made a series of small and medium-sized acquisitions as part of its carefully targeted plan to round out its existing businesses and close gaps in its geographic market coverage and its integrated power-and-gas value chain. All of these measures have been motivated by one, clearly defined objective: We want to exploit synergy potential and thereby grow the company's and hence shareholder value."

"This acquisition will make E.ON the second-largest power utility in the world and Powergen's Kentucky-based subsidiary, LG&E Energy, will give E.ON access to the world's largest energy market."

"We concentrate on our target markets: Central Europe, the European gas sector, Great Britain, northern Europe, and the U.S.A."

"E.ON has defined five target markets: The integrated markets for the distribution and sale of power and gas are Central Europe (<u>Central Europe</u>), the United Kingdom (<u>UK</u>), Northern Europe (<u>Nordic</u>) and the Midwest of the United States of America (<u>US-Midwest</u>). Procurement, trading and transportation of natural gas takes place in a market that spans all of Europe (<u>Pan-European Gas</u>)."

"Today, we have achieved a strong position in all these markets. But we want to further improve our strength by profitably expanding all along the value chain while attaining the best performance possible."

Relevance of LG&E Energy: "After more than three successful years as part of the E.ON family, LG&E Energy, the parent company of Louisville Gas and Electric Company, Kentucky Utilities Company and Western Kentucky Energy, is now E.ON U.S."

### The above quotes were found on one of the two websites listed below in January 2006. <u>www.eon-us.com/home.asp</u> www.eon.com

It appears to us that the vision, mission and goals of E.ON US, who manages and controls Louisville Gas and Electric Company and the Kentucky Utilities Company, includes expanding to the Midwest of the United States and profiting considerably from this expansion. It is our contention that the company's vision does not include the best interest of Kentucky residents, nor a concern for Kentucky's utilities needs. It appears to us that the company is certainly not concerned about the hard-working people in the affected area.

# 2. Has the company actually explored the use of existing routes and lines?

Louisville Gas and Electric Company and the Kentucky Utilities Company aka E.ON US, took less than three months to come back to PSC with basically the same proposal. Are we to believe they have completed a thorough evaluation in less than three months? Are we to believe it will cost them more to use existing routes and lines than to create more routes and lines throughout Kentucky especially if they pay the hard-working residents the true and fair value of the land they desire to take over? Their findings cannot be proved or disproved by us. We cannot afford to have our own survey and evaluation completed, but our common sense tells us that what we are expected to accept is indeed questionable. The application they submitted in less than three months from the originally disapproved application appears to be a quick comparison of some options. Was this just an attempt by the company to throw out these figures and hundreds of pages of documentation knowing they are dealing with people who do not have the time, resources, or expertise to dispute this?

One question to be asked: Did this company's study compare "apples and apples" or "apples and oranges"? It appears they included the cost of upgrading and fixing the existing lines when they compared costs between the existing routes and the new routes. The cost to upgrade and fix existing lines should not be included when the company is comparing the new route to the existing route. Upgrading and fixing existing routes should be part of this company's maintenance cost regardless of what route they use. If the company is not planning to upgrade and fix these existing lines regardless of PSC's decision, what harm is this to our state and the people already within those existing routes?

One final note--If using existing routes and lines actually does cost this multi-million dollar company a bit more money, how does that compare to the loss of the use of Kentucky land for development, decrease in value of the land they are confiscating, expense to Kentucky residents, as well as, loss of revenue, income, inheritance, physical health, and emotional stress that has been placed on your constituents in the state of Kentucky—not once, but twice in a matter of a few months. This is putting our lives on hold and an unbearable burden on us until you give the company a definitive answer of "NO".

# 3. The short turnaround on the denial of the original request (2005-00142) to the re-filing of basically the same request (2005-00467).

There were several directives given to Louisville Gas and Electric Company and the Kentucky Utilities Company by PSC from the company's earlier request for transmission lines, Docket No. 2005-00142. We believe this company has provided a cursory response to this request. It has taken the company less than three months to provide a cost analysis of some major projects and contact hundreds of individuals and respond to their concerns. This company knew the minimum they needed to do, and then turned around and submitted an almost identical request. Please don't give this company a pass on this kind of response. Your Kentucky constituents involved took your directive seriously and had a feeling of relief that you had listened to us and had the same concerns we did. The fact that a postponement of this hearing was necessary because Louisville Gas and Electric Company and Kentucky Utilities Company evidently overlooked people who are being directly affected by these transmission lines and the resubmission of paperwork because it was in error, appears to demonstrate a superficial response by this company. They did not meet the minimum directives before they filed the request of Case No. 2005-00467. Again, please give this company a definitive "NO". Let us go on with our lives, providing for our families, and hoping to leave our children and grandchildren a modest inheritance instead of providing the company (in their own words) a way "to exploit svnergy potential and thereby grow the company's and hence shareholder value." (www.eonus.com/home.asp and/or www.eon.com)

# 4. What we perceive as the perfunctory response the company has shown in carrying out the directives given by the Public Service Commission in Docket Case No. 2005-00142.

In the original Docket Case Number 2005-00142, Louisville Gas and Electric Company and the Kentucky Utilities Company were directed by the Public Service Commission to notify the landowners and address their concerns. PSC also told the company to consider other viable options, especially existing transmission lines. We believe proof of the perfunctory effort the company gave to these directives is 1) the quick turnaround—less than three months—of their intention to file the same request as before, and 2) the postponement of this hearing because they did not complete the directive from you to contact individuals affected by the transmission lines.

If the Public Service Commission's simple directive of contacting the landowners has been botched by this company, then how are we to believe these hundreds of pages of documents, millions-of-dollars comparisons, and the company's studies are without error?

If any error should be made, it should be in favor of the landowners, whose lives and livelihood are being destroyed. The company has options. We, the landowners, do not. We have invested our lives, money and retirement to obtain a little bit of the "American dream".

5. Our opinion that the company has failed to acknowledged the true concerns of the landowners and has demonstrated an unwillingness to recognize the true worth and purpose of the land.

Public Service Commission asked this company to address our concerns. Our concerns were not addressed. We believe they went through the motions; however, we believe they came up short. It appears they did this for PSC's benefit; not ours. The Company failed to make any significant changes in their plan, and it appears they had no intention to—compare Case No. 2005-00142 with 2005-00467.

The questions may have been answered in an obligatory fashion to satisfy PSC, but they have not addressed the true life concerns we have. Here are some of our real life concerns and the responses we received from the company:

# Concern:

We have invested, planned and worked hard in order that we may retire comfortably. **Answer:** 

If we cannot agree on fair market value the company will "utilize our right of eminent domain."

# Concern:

We would like to enjoy and develop our property as we see fit and as our needs change.

# Answer:

"...easement does not allow for permanent structures...the easement will not prevent you from constructing roadways..."

# Concern:

The worth of the land in this affected area is **not** low, market-value farmland. This is prime land for farming and land that is sought after by developers who are willing to pay top dollar for our property. The transmission lines do not just affect the "200 feet of easement", but the many miles of surrounding land that will lose its value because of these lines.

# Answer:

"...the **Company** will have a licensed appraiser perform market analysis along the approved route."

Some of us affected by these transmission lines are proud new home/landowners and others of us have owned and cared for this land for generations. We are and have been **good stewards** of this land, and we want to continue this for generations to come. Our "blood, sweat and tears" have gone into this land we love, and they are taking it from us. You are our last hope; don't let them profit off the backs of your Kentucky residents.



- 29% of US electricity demand is in the Midwest<sup>2</sup>
- Important power interchanges with good network/grid interfaces
- Heavily industrialized region
- · Potential for consolidation in a fragmented market
- Favorable regulatory conditions

MAIN - Mid-America Interconnected Network; ECAR - East Central Area Reliability Coordination Agreement; MAAC - Mid-Atlantic Area Council 'Defined as ECAR, MAIN and MAAC.

· · · March 6, 2006	To all affected landowners this is <b>your meeting</b> . This is your chance to voice your concerns and opposition against the <b>seizing of your property by a Foreign Company</b> for shareholder profits. You are paying for this hearing through your tax dollars and the rates you pay on your utility bills. Make the most of this hearing! Sign up to speak! You have every right to be heard. What you have to say is important!	What are your concerns? The loss of your family farm The hardship this will cause your family The loss of your ability to use your land for its intended purpose The loss of critical habitat for wildlife The clear cutting of forest The clear cutting of forest The polluting of water by herbicide contamination The loss of wetlands The taking of your land by a foreign company for profits (the attached article should leave no doubt in your mind why this is happening to us)	What ever your concern is speak out and let the PSC know what it is!	State what you thought of your meeting with E-On representative. (If you had one) Let the PSC know how E-On would not answer any questions until they scripted their answers in their office and even after that the answers were unsatisfactory!	Most of all state the obvious: This is an unnecessary cluttering of the land with poles, wires and towers and is a duplication of Transmission Lines Services and is not needed to meet the needs of the ratepayers and is only being built to disburse power from the TC-2 expansion on the wholesale market. Since many corridors make a complete circuit from Mill Creek to the Elizabethtown substation already this is duplication. Stress the use of rebuilding existing corridors such as the I-65 corridor and saving critical real-estate from	Ask the PSC to deny these two basically identical routes as it is deliberately pitting landowners against landowners and has been and continues to be very detrimental to our community.
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Company news to current and runned employees Published by Internal Communications. (502) 627-2520

# News Transmission

This is why they WANT YOUR LAND: Issue #383 February 24, 2006 GREED NOT NEED!!

# E.ON makes offer to acquire Endesa

In a recent employee communication, Chairman, CEO and President Vic Staffieri announced that E.ON has made an offer to acquire Endesa, Spain's largest electricity company, to create the world's leading power and gas company.

On Feb. 21, E.ON announced an offer to acquire Endesa, a major European utility engaged primarily in the generation, transmission and sales of electricity in Spain and Latin America. Endesa also has significant interests in other parts of Europe. If the offer is accepted and appropriate approvals are received, our combined company will have more than 100,000 employees and 50 million customers across 30 countries. The combination of E.ON and Endessa will have an enterprise value of more than \$150 billion-nearly twice the size of America's proposed largest utility Exelon/PSEG.

This is an important move for our company which is not expected to have any impact on U.S. operations or strategy. At E.ON U.S., we will continue with our plans to install more than \$750 million of pollution control equipment throughout our facilities and the licensing and construction of the \$1.2 billion Trimble County facility. These commitments will ensure that our customers have clean and -affordable energy for many years to come.

The Feb. 21 letter below from E.ON's CEO, Wulf Bernotat, provides additional information on the proposed transaction.

Almost a year ago we announced that in the future E.ON would again consider major growth initiatives. Today in Madrid we made a public takeover offer for Endesa, a Spanish utility. In view of the significance of this transaction. I would like to acquaint you with the strategic

objectives and the financial aspects of the transaction. To start with.

I'd like to tell vou a few things about Endesa. With 27,000 employees and roughly €18

billion in sales, Endesa is Spain's premier power and gas company and about one third E.ON's size. In addition to its business in Spain, Endesa has solid market positions in Italy, France, and five Latin American countries. Endesa is a publicly listed company with strong earnings. Its market capitalization is currently about €27 billion compared with E.ON's market cap of roughly €65 billion.

## New order of magnitude

As these numbers indicate, our acquisition of Endesa would not only be the largest transaction in our group's history, but also

by far the largest acquisition ever undertaken by a German company. This one deal would give E.ON a new order of magnitude. It would enable us to realize the vision we defined in OneE.ON: to make E.ON the world's leading power and gas company.

The combination with Endesa makes strategic sense. E.ON and Endesa complement each other superbly in geographic terms, which will make us less affected by developments in our individual

markets. We currently rank among the top energy companies in two European markets: Germany and endesa United Kingdom. Acquiring Endesa would give us

> this position in Spain, France, and our target market Italy. The combination of a presence in new countries along with our existing footprint in Central and Eastern Europe would make us the leading energy company in an increasingly pan-European market. It would be an important step towards the single European energy market the EU Commission wants to establish.

### ideal match

Endesa also offers us new growth opportunities. While E.ON operates in many mature markets, Endesa has

operations in high-growth regions like Southern Europe and Latin America. This would give us a balanced business portfolio offering stability, risk diversification, and growth.

CON U.S.

In short, our offer makes great strategic sense. E.ON and Endesa make an ideal match. Together, we have 50 million customers in 30 countries. Moreover, Endesa, like E.ON, has adopted an integrated business model and is active along the entire value chain in power and gas. The opportunities the combination would create are obvious.

We want to seize this opportunity. Our company is in excellent shape, as demonstrated by the preliminary results for 2005 we announced today. The Endesa deal will not cause us to alter the proposed dividend for our shareholders or rethink

Continued on page 4



# here Sthere

# Medical, dental ID cards mailed

Anthem, UnitedHealthcare and Delta Dental mailed new ID cards to participants during January. If you have questions or concerns regarding the use of your new ID cards, or if you have not received them, please call the carriers.

You can also visit the carriers' websites to request additional ID cards, check your claims, get health information, take a health risk assessment, look for a provider, view benefits online and much more. The tools and information at your carriers' websites are both practical and personalized so you can get the most out of your benefits.

### **Carrier** contact information

- Anthem: 1-877-750-6062 www.anthem.com
- UnitedHealthcare: 1-866-480-0074 www.uhc.com
- Delta Dental: 1-800-955-2030
  www.deltadentalky.com

### **Vision Plan**

Please note that the Vision Service Plan does not provide ID cards. You can access www. vsp.com or call VSP Member Services at 1-800-877-7195 to find the answers to your vision service questions.

# Endesa Aquisition

Continued from page 1

any of our planned investments. We don't see any reason why E.ON's solid standing on corporate finance and capital markets should change. E.ON has the necessary financial strength and will keep its promises.

### **Encouraging signals**

We're confident, but not overconfident. Endesa is opposed to the competing takeover offer from Catalonia's Gas Natural. And though the Spanish government has approved this offer, we received encouraging signals from Endesa's management as we were preparing our own offer. We hope to convince not only Endesa shareholders but also the Spanish National Securities Market Commission and the Spanish government that our financially more attractive offer also makes better business sense. We believe the prospects of Endesa as part of E.ON are better than as part of a purely Iberian utility. That said, experience shows that political decision-making processes are hard to predict. However, we do expect the EU competition authority to approve the transaction.

As you can see, a number of issues need to be resolved before the transaction is a success. Despite all the positive signs we've received, we're unable to say in advance how the process will unfold. Of course, we will keep you up to date via the E.ON groupwide Intranet at http://home.intranet.eon.com and *E.ON World*.

# **OneE.ON** Awards

### Continued from page 2

involved cooperation between teams, departments, business units or market units. The weighted judging criteria are available on the intranet. All valid entries will receive a prize, and a number of entries will receive company-wide recognition.

E.ON U.S. winners will be named June 21 on OneE.ON Day—and will be entered in the international competition. International winners will be named at an awards ceremony in Düsseldorf on Oct. 18. They also will receive a one-week trip to New York or London with a person of their choice.

Additional contest information is posted on E.ON's intranet, and you can access an -online application form on the E.ON News Channel.

The deadline to submit entries is April 30, 2006.

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### **Return Service Requested**

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Written comment to the Kentucky Public Service Commission, 211 Sower Boulevard, P. O. 615, Frankfort, Kentucky 40602

Submitted on: March 6, 2006 at the Public Hearing, Elizabethtown, Kentucky 42701

Submitted by: Violet Monroe, 1708 Bethlehem Academy Road, Cecilia, Kentucky 42724

Subject: Case #2005-00467

On December 15, 2005, a representative from KU came to my home to interview me about the transmission line project (Case #2005-00467) and to get my concerns about the project and any specific features of the property. It is my belief that KU did not hear my concerns. Please request LG&E/KU provide the Public Service Commission copies of the landowners' concerns and LG&E/KU's replies to the landowners. (I believe you will see that they did not address all of the landowners' concerns or even try to get some of the landowners' concerns.)

In 1998 I spent money to have my property surveyed for future development for the Home Place Subdivision (see attached document).KU is wanting to take more than eleven acre tract in my subdivision which is approximately a third of my total subdivision for their transmission lines. KU skirted the issue of taking the tract of land (11 acres) that is prime development land, indicating, instead, this 11 acres can be farmed. This is not my plan for my Home Place Subdivision (see attached documents that were given to the KU representative). KU talked about the easement that they would need that affects this 11 acres, however, the transmission lines will not just make this whole 11 acres unusable for the subdivision, it will also affect the many acres surrounding the land which basically destroys the value of my whole subdivision. If you okay their request, you will give them a pass to destroy the worth of my Home Place Subdivision my investment and my retirement. What is even more ironic is while KU destroys my dreams and my retirement, they will not even be the provider to this property. If KU puts the transmission lines across the 11 acres it will not be possible for the provider, NOLIN RECC, to install utility lines for homes and the Developer of the Home Place Subdivision will not be allowed to get service from KU's transmission lines. How does a private company, KU/LG&E/EON, who I believe, will profit considerably from this deal if allowed to go through, have the right to take private land from an individual who is not interested in surrendering her property? A private company or an individual should not be allowed to take another individual's property. How would you feel if it were yours?

This transmission line project (2005-00467) is not in the best interest of the public or local government and its tax base. Land throughout Hardin County will be de-valued. People are drawn to Hardin County because of its rural beauty and country living. It is prime land for development which would increase the tax base for Hardin County. KU is destroying the tax base. My property is prime development land for homes as indicated in the attached documents given to the KU representative on December 15, 2005. I believe if KU considers the cost of taking prime development land in their cost analysis of these projects, they might find that it will cost them more to take new land than to upgrade the existing routes. Why do LG&E/KU-EON want to take land with no existing lines on it? If you let this go through , large private company will make a profit and local government and local residents will get hurt.

I believe the "Final Report" by the Liberty Consulting Group, June 14, 2005, revealed that this transmission line will not be needed to serve the customers for another 10-15 years(pages ll-10 through ll-14). It appears that EON needs to upgrade its existing lines(pages ll-11). Would it not be good financial management and more economical to upgrade existing transmission lines and not destroy more land by creating a route that does not exist? Please consider my concerns and deny case #2005-00467.

attachmento Walst monroe 93. Fue to upcoming surgery that was scheduled for me prior to the change of the PSCIS schedule from Frebruczy to March 2006, I may not be able to attend the hearing at Frankfort, My, on March 28,2006, however my motie to intervene dated December 23, 2005, and this document with attachmente have the reasons that I am against the transmission lines coming

CKY UTILITIES CUMPANY Kr Real Estate & Right of Way Department PROPERTY Violet W. (PRINT) OWNER NAME **PROPERTY OWNER INTERVIEW** ADDRESS 1708 Bethlehen Acader Cecilia, KY 42724 Part I KENTUCKY UTILITIES WOULD APPRECIATE THE OPPORTUNITY TO OBTAIN YOUR INPUT CONCERNING THE PROPOSED TRANSMISSION LINE PROJECT FROM MILL CREEK POWER PLANT TO HARDIN COUNTY SUBSTATION. Did a representative do the following: (Please select all that apply) 🕅 Call you 🕅 Visit your home 🔣 Leave behind project information 🔲 Other 🔀 Yes No No Did the representative show you a map showing the route across your property? X Yes T No Did the representative explain the route approval process? Part II O Please inform me of appropriate case #s that have been filed with the Public Service Commission regarding this case. D Please inform me as to how much time we have to file an inter after filing of this proposal with the PSC. 3) Please give me timely notification of the date of officia filing with PSC of this project. (3) Please Hing with the in property. Please mark proposed (A) Exactly how wide is the easement. Please mark proposed planning p easement on property. Please provide all rules regarding p (B) Are you proposing to compensate property owners for (B) Are you proposing to compensate property owners for development (subdivision property - property that has development (subdivision property - property that has these potential at a protect that is comparable to develop the these potential at a proposed plat !!! Part III flease see attached proposed plat !!! Yes 🗆 No Any specific features of your property we should know about? (If yes, please describe below) OPlease see attached 2 page typed concerns from Violet Monro D Pleque see attached proposed plat and estimate of developme value of property submitted by Brad Hilton, broker, 3) Property - majority has been in family for over 80 years so we have a lot of blood, sweat & tears white COPY-AGENT **YELLOW COPY - OFFICE PINK COPY - PROPERTY OWNER** 

MAL.

Some of Violet Monroe's concerns regarding proposed transmission lines on her property Page 1 of 2

For the following and many additional reasons, Ms. Violet Monroe opposes the placement of Transmission Lines on her property. Ms. Monroe's address is 1708 Bethlehem Academy Road Cecilia, KY 42724

- Ms. Monroe is concerned with the exact location of the transmission lines and request a map indicating the proposed location.
- Ms. Monroe is concerned with the unnecessary destruction of land and cluttering of land with more poles and wires that will result if the Transmission Lines are allowed to be placed on her property.
- Ms. Monroe is concerned with the resulting loss of esthetic quality and the destruction of the rural scenic beauty of rural Kentucky in the Hardin County area.
- Ms. Monroe is concerned with the loss in value of the property that will result if the proposed Transmission Lines are allowed to be placed on the proposed properties. Not only will it result in loss of value of the 11 acres the transmission lines are proposed to cross, it will also result in loss of value in the other 36 acres that belong to Ms. Monroe and/or her daughter that are adjacent to these 11 acres. Several years ago, Ms. Monroe approached the Planning and Zoning Office in Hardin County and was granted permission to subdivide. If the transmission lines are placed on the 11 acres that is being proposed, a significant loss in value will occur and development will not be possible.
- Ms. Monroe is concerned that significant means of her livelihood and retirement funds will be taken away with the destruction of development and farm land if the transmission lines are allowed to be placed on their property. At present some of Ms. Monroe's income is realized through farming; however, she has plans to supplement her retirement income by development of the property and the transmission lines will prevent the realization of this income. Is it LG & E/KU 's intention to enact Eminent Domain on property owners who refuse to sign over easement rights. If so, is your intention to pay full value for sub-division and development land that I currently own?
- Ms. Monroe is concerned with the possible health risks and illnesses to herself and neighbors if the proposed Transmission Lines are allowed to be placed on the proposed properties. Please provide documentation of any studies conducted that show these lines will not affect my health, the health of my neighbors, and the health of animals in the area.
- Ms. Monroe is concerned that this project is not needed at this time and there is only a possibility that the transmission lines will be needed in the future and yet land and lives are proposed to be damaged.
- Ms. Monroe is concerned that a private owned company will control the land she has worked so hard to own. Additionally, she is concerned that she will have to pay taxes and insurance on the property that the private owned company will control if this proposal is approved. She is further concerned with the rumors she has heard that the majority of the energy generated across these lines will not be used for residential customers in Kentucky.
- Ms. Monroe has a concern that individuals who will be affected by these transmission lines who are not property owners but are in close proximity to the lines, if approved, have not been informed of the proposal. So these individuals have any rights to protest the lines?

- Additionally it is Ms. Monroe's understanding that the proposed transmission lines are going on land where Nolin RECC is the provider? Are you aware of this?
- Ms. Monroe requests that KU/LG & E take an existing transmission corridor instead of destroying additional property in Hardin County and Kentucky. I respectfully submit that I do not believe your company has complied with the decision made by the Public Service Commission on September 8, 2005 which stated "The commission invites LG & E/KU to reapply for a CPCN to construct the needed transmission facilities after the company has conducted a more thorough review of all reasonable alternatives, including locating the line partially or fully along existing transmission corridors." (Case No. 2005-00142) I request that when you conduct a more thorough review of all reasonable alternatives, you provide me with any and all copies of the reviews conducted.

15 Sigtimber 2005

Who put the criteria together for the transmission line route? Who made the decision to go propose the "preferred" route?

# Hilton and Allen Auction

200 W. Main St. Cecilia, KY 42724

Phone 862-4422 Fax 862-4442

December 15, 2005

Violet Monroe

In reference to your request I would say after looking at other subdivisions in the area that your lots after development would be valued at \$25,000.00 to \$30,000.00 per lot today. The estimated value in 10 years would be about \$45,000.00 to \$50,000.00 per lot. At todays value the lost to Ms. Monroe and her family would be \$250,000.00 to \$300,000.00. Projected out 10 years would be \$450,000.00 to \$500,000.00. If you need more information let me know.

Thank you

Brad Hilton Broker






## Written comments for the Public Service Commission Hearing on March 6, 2006 to Address Case 2005-00467:

My name is Diane Owsley and I regret that I will be unable to attend most, if not all, of the Public Service Commission Hearing on March 6 at 6:00 pm at the Prichard Community Center. I have requested my mother to submit some of my concerns to you in writing for the hearing. I am a property owner in the vicinity in which some of the transmission lines are proposed and request that you reject the proposal for installation of transmission lines on private property.

I want to thank you for the opportunity to express concerns about the proposal. One of the major concerns I have is whether or not the lines are needed. Some information I have read recently leads me to conclude that there is not a need for additional lines in the state of Kentucky to improve the lives of the residents in our great state but rather we are being asked to destroy the aesthetic quality of our state to transmit energy elsewhere.

I also believe representatives from E-On/LG &E/KU have not sufficiently addressed my questions and concerns. Attached is a letter I received from Kathy Slay dated January 23 where she indicates "part of the planned line **may** cross your property in Hardin County." I responded with a letter on February 2 requesting clarification and asked that I be informed as to whether the planned line **will** cross my property. I also requested a representative from the company meet with me to hear some concerns and answer some questions because of the letter I received on January 23. To date, I have not heard from Ms. Slay. Without clarification from the company, I must assume they are unable to tell me definitively whether the lines are crossing my property; therefore, how complete can the application be???

I am concerned with the resulting devaluing of the property that will result if these lines are permitted. The lines will destroy the ability of some farmers to continue to farm. For individuals who were planning to subdivide and offer the opportunity to others to move into the area, these lines will certainly reduce that possibility. How will LG & E/KU compensate these land owners for their property? How will the loss in development potential be reconciled with the residents and business owners in our area and in our state? It would seem LG & E/KU need to consider an existing corridor in order to avoid the decrease in real estate and economic development that could happen in our state.

If you determine that transmission lines are indeed necessary, please ask the company to propose an existing corridor for these lines. Please consider whether it is absolutely necessary to destroy additional land of private citizens and to increase our health risks by taking a path which will result in additional electromagnetic exposure. I request you reject the proposal at this time and opt for continued studies to be completed on the effects of transmission lines on health and welfare of our citizens and future generations and for continued studies on alternatives to the transmission lines being proposed such as taking existing corridors or burying transmission lines.

Please take into consideration the blood, sweat, and tears that the land owners (many of whom have worked over 50 years to own a little bit of land they could call their own). I believe this proposal will negatively impact these individuals. I believe this proposal will negatively impact our community by restricting development potential. I believe this proposal will negatively impact our state. This "for profit" company will benefit off of the years of hardworking citizens unable to financially compete with the forces of this company.

Diane Quesley 3/6/06

37 Pleasant Colony Elizabethtown, KY 42701 February 2, 2005

Ms. Kathy Slay Director—Operating Services Kentucky Utilities Company One Quality Street Lexington, KY 40507-1462

Dear Ms. Slay:

I am writing to request clarification on the letter sent to me on January 23, 2006 (see attached). I have highlighted some areas for which I am requesting clarification in the attached copy of the letter I was sent. The letter indicates that "Part of the planned line **may** cross your property in Hardin County". I am requesting that I be informed as to whether the planned line **will** cross my property in Hardin County. I also notice in the third paragraph there is a statement that indicates "Either route would cross your property the same way." I am somewhat puzzled by this statement since I am under the impression that the alternate route goes a completely different route from where my property lies, but maybe I do not have all of the information about the preferred and alternate routes. I would appreciate written clarification on these two points. I am also requesting a representative from your company meet with me to hear some concerns and answer some questions I have about the proposed transmission line application submitted to PSC.

Thank you for your consideration of my requests.

Sincerely,

W. Diane Owsley



Wanda D. M. Owsley 37 Pleasant Colony Drive Elizabethtown, Kentucky 42701-9085

#### RE: Notice of Proposed Construction of Electric Transmission Line

Dear Ms. Owsley:

Kentucky Utilities (KU) plans on constructing a 345,000 volt electric transmission line from the Mill Creek generating station in Jefferson County to KU's Hardin County substation. This line is part of our continuing efforts to meet the increasing energy needs of our customers. Part of the planned line may cross your property in Hardin County. The route of this planned line is shown on the map enclosed with this letter.

KU is sending this letter to notify you that KU applied to the Kentucky Public Service Commission for regulatory approval for construction of the planned line on December 22, 2005. The Commission has assigned the case docket number 2005-00467.

KU also applied to the Commission for regulatory approval of an alternative line that varies somewhat from the preferred line on December 22, 2005. The Commission has assigned this case docket number 2005-00472. A map of the route that the alternative line would take is also enclosed with this letter. The alternative route is KU's second choice and would only be approved by the Commission if the Commission declines approval of KU's preferred route. Either route would cross your property the same way. The portions of the routes that differ are not near your property.

In addition, under Kentucky law, you and other interested persons have the right to request that the Kentucky Public Service Commission hold a local public hearing regarding the planned line. Please note that other interested parties have already requested a local public hearing and the Commission has scheduled that hearing for 6:00 p.m., Eastern Standard Time, on February 1, 2006, in the Pritchard Community Center, 404 South Mulberry Street in Elizabethtown, Kentucky. You have a right to attend the local public hearing on February 1 and speak at that hearing if you would like to do so. Please note that the hearing date may change. You also have the right to ask to intervene in the case.



Wanda D. M. Owsley January 23, 2006 Page 2

While the local public hearing has already been scheduled, we are required to inform you that if you would like make a request for a local public hearing, the request must be made in writing to the Executive Director of the Kentucky Public Service Commission. The Executive Director's address is:

Executive Director Public Service Commission 211 Sower Boulevard P.O. Box 615 Frankfort, Kentucky 40602

Any written request for a hearing will need to include the following:

- 1. the docket number of the case (the docket number for the preferred route is 2005-00467 and the docket number for the alternative route is 2005-00472);
- 2. the name, address, and telephone number of the person requesting the hearing; and,
- 3. a statement as to whether the person requesting the hearing wishes to participate in an evidentiary hearing or to make unsworn public comment.

If you wish to participate in an evidentiary hearing, you will also need to intervene in the case. You may request to intervene by filing a motion pursuant to 807 KAR 5:001, Section 3(8). If you would like to contact the Executive Director's office by telephone, the number is (502) 564-3940. Please note that the Commission has scheduled the evidentiary hearing for 9:00 a.m., Eastern Standard Time, On February 28, 2006 in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky. Please note that this hearing date may also change.

The planned line is very important to the continued reliability of our electric transmission system. We will be contacting you shortly to request your comments regarding the proposed line. If you have any questions in the meantime, you are welcome to call our Right-of-Way Department collect at (502) 627-3160.

Sincerely Operating Services Director

Written comment to the Kentucky Public Service Commission, 211 Sower Boulevard, P. O. Box 615, Frankfort, Kentucky 40602

Submitted on: March 6, 2006

Submitted by: Charles E. Thompson and Geraldine Thompson

Subject: Case #2005-00467

We have a small 13 acre farm located on Kentucky 86 and Tabb Road. That is not enough land for farming, so development is our only option. We were a one income family who worked hard and did without a lot of things to pay for our land. Now KU/LGE&E EON wants to put unsightly utility poles and wires on and over our small lot. We do not feel that we will ever be adequately compensated for this. Who would want to build a house on a lot with such a view?

Our land joins the Cunningham property, which is a wildlife refuge. We believe that the wildlife that affects their property would also affect ours, especially with the birds flying in and out of their property. We also feel that it would be in the best interest of all the county if utility companies would upgrade existing lines and stop spreading lines where there are no existing lines. We do not mind you updating existing lines already on our other property.

We would appreciate it if the Public Service Commission would consider all of our concerns and deny case #2005-00467.

HARLES E. THOMPSON

Geraldine Thompson

GERALDINE THOMPSOI Cecilia, Kentucky



No existing lines on

Attorneys at Law 103 Railroad Street P.O. Box 4307 Midway, KY 40347

W. Henry Graddy, IV Elizabeth R. Bennett Telephone: (859) 846-4905 Facsimile: (859) 846-4914 E-mail: hgraddy@aol.com

March 6, 2006

Hon. Mark David Goss, Chairman, and Members Kentucky Public Service Commission 211 Sower Blvd. P.O. Box 615 Frankfort, Kentucky 40602

Re: Joint Application of Louisville Gas and Electric, et al., in Jefferson, Bullitt, <u>Meade and Hardin Counties, Kentucky</u>, Case No. 2005-00467 and Case No. 2005-00472.

Dear Mr. Goss and Commission Members:

Cathy L. Cunningham and Dennis L. Cunningham, CDH Preserve, LLC and Lisa Harrison and Jennifer Harding, (hereinafter "Cunninghams") submit the following COMMENTS AT THE PUBLIC HEARING, in Elizabethtown, Ky. on March 6, 2006, as per the orders of the Kentucky Public Service Commission ("PSC").

#### BACKGROUND

The above two applications are related to an earlier PSC proceeding, Case No. 2005-00142, where Mr. Bob Griffith and I also represented Cathy and Dennis Cunningham. That case involved a 41.9 mile 345kV transmission line from the Mill Creek facility in Jefferson County through Bullitt, Meade to the Hardin County substation, at a projected cost of \$59.1 million ("MC to HC line"). Cunninghams and many other members of the public asked the PSC to find that the transmission line was not needed, based upon three related but different arguments.

a. The MC to HC line is dependent upon the permitting and construction of Trimble County No. 2 facility, in Trimble County ("TC2"). Last summer, this facility had not received a Certificate of Public Convenience and Necessity ("CPCN').

- b. The MC to HC line is actually not needed when TC2 comes on line, but is expected to be needed 5 to 8 years after TC2 comes on line, so that it is not a present need.
- c. There are available management options, technologies and materials that may address the "upcoming voltage problems" without the need to construct the MC to HC line, that do not appear to have been investigated by LG& E/KU.

The PSC did not agree. However, on September 8, 2005, the PSC did agree with the Cunninghams that LG&E/KU failed to "comprehensively consider the use of existing corridors in planning future transmission" and that this lack of information prevented the PSC from being able to determine whether LG&E/KU complied with the standards enunciated in the 1952 Kentucky Utilities case that warned against "multiple sets of right of ways and a cluttering of the land with poles and wires. The PSC invited LG&E/KU to reapply "after the Company has conducted a more thorough review of all reasonable alternatives, including locating the line partially or fully along existing transmission corridors." Page 11.

The PSC also criticized the LG&E/KU response to public comments.

The PSC decided Case No. 2005-00142 after deciding Case No. 2005-00089. This case involved a 6.9 mile 138 kV transmission line proposed to be routed through the Daniel Boone National Forest, at an estimated cost of \$4.9 million dollars. That hearing focused on alternatives that would avoid the Forest. One alternative discussed in the PSC order would avoid the Forest, and was electrically equivalent, but was 3.7 miles longer, and the additional cost was estimated to be slightly more than \$1,000,000 more than the route that EKPC preferred. The PSC decision in Case No. 2005-00142 made express reference to the PSC decision in Case No. 2005-00089.

See also PSC Case No. 2005-00207, where the PSC was presented with more details about the EPRI and GTC (Georgia Transmission Corp.) model used in that case (and in these cases) and found this could be "problematic for utilities that employ it in future applications of this type." PSC suggested that the model should be calibrated based upon Kentucky stakeholders rather than Georgia stakeholders. Page 9.

#### THE LG&E/KU RESPONSE

LG&E/KU responded to the September 8, 2005 order in Case No. 2005-00142 by participating in an "Informal Staff conference" on October 4, 2005, to seek further clarification of what the PSC intended from companies seeking transmission line approval. Two months and 18 days later, LG&E/KU filed an application that followed almost exactly route that was the subject of PSC No. 2005-00142, except that the line that went across the Cunningham lake was moved several hundred feet to the edge of the lake. This application was also for 41.9 miles, but the cost was reported to be \$56.7

million. The length has now been revised to 42.03 miles, and the cost increased to \$57.7 million.

LG&E/KU filed a second application that closely follows the first application route, but does not cross the Cunninghams' property. This Route #2 still crosses through miles of open land in Meade and Hardin County that lie outside of any utility or transportation corridor.

LG&E/KU wants the PSC to find that in that period from October 4 to December 22, 2005, it followed the PSC instructions to comprehensively consider the use of existing corridors, that it has conducted a more thorough review of all reasonable alternatives, and that it has responded in good faith to the concerns raised when we considered the route last July 12, 2005.

We ask the PSC to find that LG&E/KU did not follow the instructions from the PSC and to disapprove both applications and to give LG&E/KU more explicit instructions on locating transmission lines in Kentucky in a way that "comprehensively considers the use of existing corridors" and that more fully implements the letter and the spirit of KRS 278.020 as amended in 2004.

We have been given two applications that appear to have examined 156 line segments that resulted in 1,203 different routes. These were narrowed to 700 routes. We have been given an immense amount of data, but it is virtually impossible to get beyond the computer generated model runs and determine what the actual impacts of various routes will be.

We do know this:

ROUTE ACQ achieves near **complete collocation: 98.9%** at a cost of \$74.6 million. ROUTE ACU accomplishes 88.1 % collocation at a cost of \$73.1 million ROUTE ADC accomplishes 83.7 % collocation at a cost of 71.5 million. ROUTE ADS accomplishes 79.8 % collocation at a cost of \$72.3 million. ROUTE ADK accomplishes 77.1 % collocation at a cost of \$67.8 million The routes are located within 3000 feet of 1 National Register of Historic Structures

ROUTE AGU accomplishes 73.0 % collocation at a cost of \$66.9 million. This route is within 3000 feet of 2 NRHP structures.

Were any of these routes selected? No.

Application 2005-00467, crossing the Cunningham property is: ROUTE AJU which accomplishes **57.3% collocation** at a cost of \$57.7 million Application 2005-00472, following much of the same route is: ROUTE AJW which accomplishes 67.7 % collocation at a cost of \$61.0 million Both are within 3000 feet of 2 (or more) NRHP structures. The above information is from the Liberty Report to the PSC filed February 27, 2006. The Liberty Report does not discuss these routes: ROUTE E which accomplishes 96.9 % collocation at a cost of \$76 million (5 res) ROUTE G which accomplishes 96% collocation at a cost of \$74 million (4 res) ROUTE AGW which accomplishes 72 % collocation at a cost of \$69 million (3 res) ROUTE ADG which accomplishes 78% collocation at a cost of \$68 million

Of the ten (10) routes that we have been able to identify to date that accomplish better collocation that either of the two pending applications, seven (7) are located in the "BREC basket" and three (3) are in the "Crossover basket" - a strong argument that LG&E/KU needs to go back to the drawing board and look much more carefully at routes through the "BREC Basket."

"Looking more carefully" is probably too generous. There is no evidence in what we have been provided that LGE&E/KU ever actually looked at the residences and historic properties impacted by the alternative routes. What is clear is that there are a number of routes that do a better job of collocating than the two routes that LG&E/KU have submitted to the PSC.

Based upon what we have been provided in the application, it appears that LG&E/KU failed to use the EPRI & GTC model to help select the best route – to select the route that maximized collocation – instead, it appears the LG&E/KU simply used the model to seek to put a veneer of respectability on their pre-selected choice.

This approach misuses the model and gets in the way of a good faith, transparent and objective analysis of alternatives. The model should be used not to justify a decision already made – the model should start with a blank slate. The model is to help focus on the areas with the greatest likelihood of having the best route. If collocation is the desired objective, the model helps find the best areas to study - but the model does not take the place of a comprehensive consideration of the use of existing corridors. That comprehensive consideration requires LG&E/KU to get on the ground to look at more than one alternative.

That conclusion is based upon the information submitted by LG&E/KU in support of the applications which was derived from an industry software package used by Linear Projects and Photo Science, the company that the PSC referred to in the September 8, 2005 order on Case 2005-00142. We now know that the industry software was based upon stakeholder participation from Georgia – not from Kentucky.

LG&E and KU are to be commended for joining with EKPC to assemble Kentucky stakeholders last week in Lexington to begin the process of revising the Georgia model to more accurately reflect the interests and objectives of Kentuckians. But it would be a waste of time and resources to not use the input from those Kentucky stakeholders to help decide the best location for a new Kentucky transmission line. We have the time to do this right. The PSC order in Case No. 2005-00142 on September 8, 2005 found that the MC to HC line was needed and will be required upon the commencement of operations at TC2. Page 6. This finding was clearly contrary to the evidence. LG&E/KU has conceded that the MC to HC line will "possibly" be needed within 5 to 8 years after TC2 begins commercial operation. According to LG&E/KU, TC2 is not needed until 2010

Case No. 2005-00142, Hearing Transcript, page 69:

Q: I'm asking what are the immediate needs of LG&E/KU. What is needed now?

A: TC2 is not required for today...

Q: So then TC2 itself is a future need?

A: That is correct.

Page 70:

Q: And the Mill Creek to Hardin County line is future beyond that future?

A. In general, I would agree with that statement, but, again, when we plan we plan for the long term, not the short term.

Page 74:

Q: Yet, where this line is not needed until 2015 –2018 at the earliest based upon the LG&E/KU estimates, which are in dispute, the applicants want to start right of way acquisition as soon as the PSC grants approval.

A. "As soon as possible; yes."

Mr. Johnson was asked about the statement that appears of Data Response to PSC Question 10, page 3 of 7, "This area of the LG&E transmission system is expected to potentially have marginal voltage problems in the future." He defined "potential" as, "[T]hat there is a possibility that there could be could be voltage issues in the future." Page 121, lines 2 through 4. The witness agreed that the word "marginal" would describe the magnitude of the problem from an engineering standpoint. Lines 8 through 10.

Today – there is no reasonable justification to use the Georgia model to help select a Kentucky transmission line route. We think that the PSC instruction to LG&E and KU and all Kentucky companies to consider the concerns of impacted property owners in good faith implied an instruction to improve the tools that LG&E/KU uses so they would apply to this state.

#### This Line Is Not A Present Need, Therefore It Is Not Prudent To Approve This Line At This Time.

The Cunninghams also argued that LG&E/KU has acknowledged softness in their claimed need for TC2 where, in 2005, they revised their 2002 integrated medium and long-term energy forecasts, by about 3 percent, which allowed LG&E/KU to defer the TC2 generation schedule from 2007 to 2010. See Liberty Report, page II-12. Cunninghams argued that LG&E/KU, and their supporting study by MISO, Midwest Independent System Operator, and Liberty appear to agree that the Mill Creek to Hardin

County transmission line that is the subject of this application is not needed for TC2 when it comes on line, but that it is predicted to be needed to meet an upcoming voltage problem "within 5 to 8 years after TC2 began commercial operation...." Liberty, page III-4. Liberty continues: "At some point in the future, this 345 kV line from Mill Creek to Hardin County (Liberty Facility #G) will be needed." Liberty, page III-4.

The February 27, 2006 Liberty Report includes a revised Load Forecast for 2015, at page III-3, comparing the LG&E summer load forecasts:

2004 Summer Load (MW) 2005 Summer Load (MW) LG&E 3147 3133 This revision downward of about 0.44% was described by Liberty as "only a very small difference" but that report failed to discuss this reduction in the context of the observation in the earlier Liberty Report in Case No. 2005-00142 which noted the earlier downward revision from the 2002 load estimates.

Based upon the foregoing, the Cunninghams continue to dispute the need for the MC to HC line.

The Cunninghams disputed, and will continue to dispute the claim of need where neither LG&E/KU nor MISO, nor Liberty conducted an evaluation of the "upcoming voltage problems" in Hardin County from the perspective of whether other utilities, such as East Kentucky Power Cooperative/Big Rivers Electric or Warren RECC/East Kentucky Power or Peabody Coal/Thoroughbred will or may construct facilities that will address the "upcoming voltage problems." The Cunninghams argued before and will continue to dispute the claim of need where there may be other "ancillary service" options that may address the "upcoming voltage problems" that deserve to be investigated fully before the Public Service Commission should take action that would approve this transmission line.

The Cunninghams called and plan to recall Geoffrey Young, who testified that there were a number of alternatives that should be investigated by the applicants that could make the 345 kV transmission line from Mill Creek to Hardin County unnecessary, but that these alternatives had not been investigated according to the information filed with the application and the LG&E/KU data response.

#### CONCLUSION

The 2004 Amendments to KRS 278.020 included what is now Section (8) of that statute. That section contains the following final sentence.

The issuance by the commission of a certificate that public convenience and necessity require the construction of an electric transmission line shall be deemed to be a determination by the commission that, as of the date of issuance, the construction of the line is a prudent investment. The applicants, LG&E/KU, have again failed to carry the burden to establish that at the present time the construction of the Mill Creek to Hardin County 345 kV transmission line – routed through the Cunningham wildlife property as Route 1 – or the nearby Route 2 - are prudent investments. The evidence is to the contrary. Prudence requires careful investigation before construction. Under the requirements of KRS 278.020, and the standards of *Kentucky Utilities (1952)*, and to be consistent with the orders of the PSC in Case No 2005-00089 and in Case No. 2005-00142, the LG&E/KU application for the Mill Creek to Hardin County transmission line must be denied.

Respectfully submitted,

W. Henry Graddy, IV Elizabeth R. Bennett

Cc: Hon. Bob Griffith Cathy and Dennis Cunningham Lisa Harrison Jennifer Harding LG&E/KU Representative at Public Hearing

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To: Public Service Commission

From: Nellie M. Woodring

Date: March 6, 2006

Subject: Case #2005-00467

As a homeowner whose property joins the route proposed by this case, I plead with you to consider the rights of the property owners whose land will be affected and do not allow a foreign-owned company to take Kentucky land to benefit other countries and to promote expansion in the western states. The proposed route does not make use of existing lines but instead ruins the beauty of the landscape by adding more lines.

The land I own has been in my family for more than 80 years and the installation of proposed power lines in the vicinity will devalue my property for resale purposes.

Wellie M. Morting Mary H. Nagle, NO.A

To: Public Service Commission

From: Mary W. Hazle

Date: March 6, 2006

Subject: Case #2005-00467

As a member of a family whose property is in the route proposed by this case, I plead with you to consider the rights of the property owners whose land will be affected and do not allow a foreign-owned company to take Kentucky land to benefit other countries and to promote expansion in the western states. The proposed route does not make use of existing lines but instead ruins the beauty of the landscape by adding more lines.

The land I was raised on has been in my family for more than 80 years and the installation of proposed power lines in the vicinity will devalue that property for resale purposes or for any other purposes.

Mary H. Hage

March 6, 2006

To whom it may concern:

It is heartbreaking to think that I and my neighbors alike have worked a lifetime hoping to leave a legacy or a few extra dollars to our family, are suddenly confronted by a company insisting upon taking it from us. Oh yes we will be paid "Fair market Value" so to speak. Which won't be nearly what the property is worth? Since this venture will render the balance of our farms in some cases worthless, for the purpose we want them used. Such as building homes, which are the dreams of many along this proposed route. Destroying timberland, in that in the future no more timber can be harvested from these rights of ways.

Yes. We are totally in opposition to this line crossing midway over our property, We feel that it will reduce the value of the farm approximately 50%, Those lines are unsightly to mention the least. Though it is questioned by some, as to the emission of harmful cancerous fall-out. The many in areas who come down with cancer in areas such as the afore mentioned, give us a negative attitude.

I value wildlife, and this line will come over a pond I have where geese nest each year, also deer, and wild turkeys use the back of my farm for a habitat. As well as the farms of adjoining neighbors.

Yes, we oppose Floyd & Irene Dodson

1788 Bethlehem Acdy. Rd. Cecilia, Ky. 42724



Kentucky Field Office

# Comments on 345 kV transmission line between Mill Creek and Hardin County Sub-stations

Choice of routes no. 1 or alternate route no. 2

March 6, 2006

To members of the Public Service Commission:

My name is Aloma Williams Dew and I am here representing the Sierra Club as an Associate Midwest Representative. My address is 2015 Griffith Place East, Owensboro, KY. 4230I.

We are here once again to discuss why existing rights of way, transmission lines, and corridors are not being used for the proposed transmission lines which will come through Hardin County and the wild-life area of Dennis and Cathy Cunningham and other's properties. Our addiction to cheap electricity and development is leading us to destruction of the very things that make Kentucky appealing; destruction of our children's right to a future where there are areas of natural beauty and wildlife sanctuary. We think these intangible values must be considered in the siting of power lines.

The Sierra Club is concerned about the environmental and visual impact on an area of land that contains wetlands, is in an important bird migration route, and has been set aside to protect an area of open space for wildlife habitat. Your criteria for areas with low numbers of structures is commendable, but we feel you must also consider the irreparable loss of open spaces, wooded areas and wet lands in the state and how this will affect future generations. The dollar value of these kinds of areas may not be factored into your evaluations, but there is no way to set a dollar value on these important lands for the future of our environmental well-being.

The Cunninghams have spent time and money to preserve this special place which is now threatened with all the problems of construction of transmission lines. Their economic well-being is threatened by this project—loss of usable farmland and the income from that source; loss of timber due to clear cutting of the forest and the resultant loss of income

2015 Griffith Place East, Owensboro, KY 42301 • (270) 685-2034 FAX (270) 691-0700 Jonail Approximeter adubtorg

from sustainable logging in the future; danger to migrating birds from power lines—it has been established that this is a rare resting area for Sand Hill Cranes, and at least one Whooping Crane has been documented on this property. As herbicides are routinely sprayed in the area of power lines, there will be water and soil pollution from the herbicides used. This can be a long-term impact on wildlife, water quality, and the environmental and human health of the area. The disruption caused by construction will have a negative impact on wildlife pathways and destroy habitat. Cathy Cunningham has said that to see a Whooping Crane on ones property is to be touched by the hand of God—I doubt that such a feeling will be raised by power lines and the resultant destruction.

I would like to ask about night lighting and night light pollution. Because this will have a definite negative impact on residents and wildlife. I assume you will do light-of-sight computer modeling to establish APE for visual impacts, including night impacts. This impact will be much larger than the direct construction impact and needs to be carefully studied.

There will be lowering of property value because of the visual impact, fear of health risks, and dissecting of prime lands. The Cunninghams will be deprived of the use of their property such as developing lots for their children or for sale in the future. One has to ask who profits most. It surely is not the present property owners.

The routes selected will cut apart farms such as the Cunninghams. This results in the loss of a sense of place, valuable riparian zones, and lost property value, and loss of usable farmland.

We would ask you, in weighing your decision, to consider choosing a route using existing right of way and consider the high value of agriculture, history, and culture, habitat destruction, loss of farmland, and loss of future use and income of property. This area supports important wildlife habitat, which would be disturbed and displaced, that is important to the ecological health of the area, and ultimately, all of us.

Thank you for your attention. Please consider all these factors in making your final decision. Notice if there sites to heaptable i

Alome Den 034 270-455-2034 Sierre Umb

Attorneys at Law 103 Railroad Street P.O. Box 4307 Midway, KY 40347

W. Henry Graddy, IV Elizabeth R. Bennett Telephone: (859) 846-4905 Facsimile: (859) 846-4914 E-mail: hgraddy@aol.com

March 6, 2006

Hon. Mark David Goss, Chairman, and Members Kentucky Public Service Commission 211 Sower Blvd. P.O. Box 615 Frankfort, Kentucky 40602

Re: <u>Joint Application of Louisville Gas and Electric, et al.</u>, in Jefferson, Bullitt, <u>Meade and Hardin Counties</u>, Kentucky, Case No. 2005-00467 and Case No. 2005-00472.

Dear Mr. Goss and Commission Members:

Cathy L. Cunningham and Dennis L. Cunningham, CDH Preserve, LLC and Lisa Harrison and Jennifer Harding, (hereinafter "Cunninghams") submit the following COMMENTS AT THE PUBLIC HEARING, in Elizabethtown, Ky. on March 6, 2006, as per the orders of the Kentucky Public Service Commission ("PSC").

#### BACKGROUND

The above two applications are related to an earlier PSC proceeding, Case No. 2005-00142, where Mr. Bob Griffith and I also represented Cathy and Dennis Cunningham. That case involved a 41.9 mile 345kV transmission line from the Mill Creek facility in Jefferson County through Bullitt, Meade to the Hardin County substation, at a projected cost of \$59.1 million ("MC to HC line"). Cunninghams and many other members of the public asked the PSC to find that the transmission line was not needed, based upon three related but different arguments.

- a. The MC to HC line is dependent upon the permitting and construction of Trimble County No. 2 facility, in Trimble County ("TC2"). Last summer, this facility had not received a Certificate of Public Convenience and Necessity ("CPCN").
- b. The MC to HC line is actually not needed when TC2 comes on line, but is expected to be needed 5 to 8 years after TC2 comes on line, so that it is not a present need.

Maddy adulut Fublic Hearing in Etown 3/6/06

c. There are available management options, technologies and materials that may address the "upcoming voltage problems" without the need to construct the MC to HC line, that do not appear to have been investigated by LG& E/KU.

The PSC did not agree. However, on September 8, 2005, the PSC did agree with the Cunninghams that LG&E/KU failed to "comprehensively consider the use of existing corridors in planning future transmission" and that this lack of information prevented the PSC from being able to determine whether LG&E/KU complied with the standards enunciated in the 1952 Kentucky Utilities case that warned against "multiple sets of right of ways and a cluttering of the land with poles and wires. The PSC invited LG&E/KU to reapply "after the Company has conducted a more thorough review of all reasonable alternatives, including locating the line partially or fully along existing transmission corridors." Page 11.

The PSC also criticized the LG&E/KU response to public comments.

The PSC decided Case No. 2005-00142 after deciding Case No. 2005-00089. This case involved a 6.9 mile 138 kV transmission line proposed to be routed through the Daniel Boone National Forest, at an estimated cost of \$4.9 million dollars. That hearing focused on alternatives that would avoid the Forest. One alternative discussed in the PSC order would avoid the Forest, and was electrically equivalent, but was 3.7 miles longer, and the additional cost was estimated to be slightly more than \$1,000,000 more than the route that EKPC preferred. The PSC decision in Case No. 2005-00142 made express reference to the PSC decision in Case No. 2005-00089.

See also PSC Case No. 2005-00207, where the PSC was presented with more details about the EPRI and GTC (Georgia Transmission Corp.) model used in that case (and in these cases) and found this could be "problematic for utilities that employ it in future applications of this type." PSC suggested that the model should be calibrated based upon Kentucky stakeholders rather than Georgia stakeholders. Page 9.

#### THE LG&E/KU RESPONSE

LG&E/KU responded to the September 8, 2005 order in Case No. 2005-00142 by participating in an "Informal Staff conference" on October 4, 2005, to seek further clarification of what the PSC intended from companies seeking transmission line approval. Two months and 18 days later, LG&E/KU filed an application that followed almost exactly route that was the subject of PSC No. 2005-00142, except that the line that went across the Cunningham lake was moved several hundred feet to the edge of the lake. This application was also for 41.9 miles, but the cost was reported to be \$56.7 million. The length has now been revised to 42.03 miles, and the cost increased to \$57.7 million.

LG&E/KU filed a second application that closely follows the first application route, but does not cross the Cunninghams' property. This Route #2 still crosses through miles of open land in Meade and Hardin County that lie outside of any utility or transportation corridor.

LG&E/KU wants the PSC to find that in that period from October 4 to December 22, 2005, it followed the PSC instructions to comprehensively consider the use of existing corridors, that it has conducted a more thorough review of all reasonable alternatives, and that it has responded in good faith to the concerns raised when we considered the route last July 12, 2005.

We ask the PSC to find that LG&E/KU did not follow the instructions from the PSC and to disapprove both applications and to give LG&E/KU more explicit instructions on locating transmission lines in Kentucky in a way that "comprehensively considers the use of existing corridors" and that more fully implements the letter and the spirit of KRS 278.020 as amended in 2004.

We have been given two applications that appear to have examined 156 line segments that resulted in 1,203 different routes. These were narrowed to 700 routes. We have been given an immense amount of data, but it is virtually impossible to get beyond the computer generated model runs and determine what the actual impacts of various routes will be.

We do know this:

ROUTE ACQ achieves near **complete collocation: 98.9%** at a cost of \$74.6 million. ROUTE ACU accomplishes 88.1 % collocation at a cost of \$73.1 million ROUTE ADC accomplishes 83.7 % collocation at a cost of 71.5 million. ROUTE ADS accomplishes 79.8 % collocation at a cost of \$72.3 million. ROUTE ADK accomplishes 77.1 % collocation at a cost of \$67.8 million The routes are located within 3000 feet of 1 National Register of Historic Structures

ROUTE AGU accomplishes 73.0 % collocation at a cost of \$66.9 million. This route is within 3000 feet of 2 NRHP structures.

Were any of these routes selected? No.

Application 2005-00467, crossing the Cunningham property is: ROUTE AJU which accomplishes **57.3% collocation** at a cost of \$57.7 million Application 2005-00472, following much of the same route is: ROUTE AJW which accomplishes 67.7 % collocation at a cost of \$61.0 million Both are within 3000 feet of 2 (or more) NRHP structures.

The above information is from the Liberty Report to the PSC filed February 27, 2006. The Liberty Report does not discuss these routes: ROUTE E which accomplishes 96.9 % collocation at a cost of \$76 million (5 res) ROUTE G which accomplishes 96% collocation at a cost of \$74 million (4 res) ROUTE AGW which accomplishes 72 % collocation at a cost of \$69 million (3 res) ROUTE ADG which accomplishes 78% collocation at a cost of \$68 million

Of the ten (10) routes that we have been able to identify to date that accomplish better collocation that either of the two pending applications, seven (7) are located in the "BREC basket" and three (3) are in the "Crossover basket" - a strong argument that LG&E/KU needs to go back to the drawing board and look much more carefully at routes through the "BREC Basket."

"Looking more carefully" is probably too generous. There is no evidence in what we have been provided that LGE&E/KU ever actually looked at the residences and historic properties impacted by the alternative routes. What is clear is that there are a number of routes that do a better job of collocating than the two routes that LG&E/KU have submitted to the PSC.

Based upon what we have been provided in the application, it appears that LG&E/KU failed to use the EPRI & GTC model to help select the best route – to select the route that maximized collocation – instead, it appears the LG&E/KU simply used the model to seek to put a veneer of respectability on their pre-selected choice.

This approach misuses the model and gets in the way of a good faith, transparent and objective analysis of alternatives. The model should be used not to justify a decision already made – the model should start with a blank slate. The model is to help focus on the areas with the greatest likelihood of having the best route. If collocation is the desired objective, the model helps find the best areas to study - but the model does not take the place of a comprehensive consideration of the use of existing corridors. That comprehensive consideration requires LG&E/KU to get on the ground to look at more than one alternative.

That conclusion is based upon the information submitted by LG&E/KU in support of the applications which was derived from an industry software package used by Linear Projects and Photo Science, the company that the PSC referred to in the September 8, 2005 order on Case 2005-00142. We now know that the industry software was based upon stakeholder participation from Georgia – not from Kentucky.

LG&E and KU are to be commended for joining with EKPC to assemble Kentucky stakeholders last week in Lexington to begin the process of revising the Georgia model to more accurately reflect the interests and objectives of Kentuckians. But it would be a waste of time and resources to not use the input from those Kentucky stakeholders to help decide the best location for a new Kentucky transmission line.

We have the time to do this right. The PSC order in Case No. 2005-00142 on September 8, 2005 found that the MC to HC line was needed and will be required upon the commencement of operations at TC2. Page 6. This finding was clearly contrary to the evidence. LG&E/KU has conceded that the MC to HC line will "possibly" be needed

within 5 to 8 years after TC2 begins commercial operation. According to LG&E/KU, TC2 is not needed until 2010

Case No. 2005-00142, Hearing Transcript, page 69:

Q: I'm asking what are the immediate needs of LG&E/KU. What is needed now?

A: TC2 is not required for today...

Q: So then TC2 itself is a future need?

A: That is correct.

Page 70:

Q: And the Mill Creek to Hardin County line is future beyond that future?

A. In general, I would agree with that statement, but, again, when we plan we plan for the long term, not the short term.

Page 74:

Q: Yet, where this line is not needed until 2015 –2018 at the earliest based upon the LG&E/KU estimates, which are in dispute, the applicants want to start right of way acquisition as soon as the PSC grants approval.

A. "As soon as possible; yes."

Mr. Johnson was asked about the statement that appears of Data Response to PSC Question 10, page 3 of 7, "This area of the LG&E transmission system is expected to potentially have marginal voltage problems in the future." He defined "potential" as, "[T]hat there is a possibility that there could be could be voltage issues in the future." Page 121, lines 2 through 4. The witness agreed that the word "marginal" would describe the magnitude of the problem from an engineering standpoint. Lines 8 through 10.

Today – there is no reasonable justification to use the Georgia model to help select a Kentucky transmission line route. We think that the PSC instruction to LG&E and KU and all Kentucky companies to consider the concerns of impacted property owners in good faith implied an instruction to improve the tools that LG&E/KU uses so they would apply to this state.

#### This Line Is Not A Present Need, Therefore It Is Not Prudent To Approve This Line At This Time.

The Cunninghams also argued that LG&E/KU has acknowledged softness in their claimed need for TC2 where, in 2005, they revised their 2002 integrated medium and long-term energy forecasts, by about 3 percent, which allowed LG&E/KU to defer the TC2 generation schedule from 2007 to 2010. See Liberty Report, page II-12. Cunninghams argued that LG&E/KU, and their supporting study by MISO, Midwest Independent System Operator, and Liberty appear to agree that the Mill Creek to Hardin County transmission line that is the subject of this application is not needed for TC2 when it comes on line, but that it is predicted to be needed to meet an upcoming voltage problem "within 5 to 8 years after TC2 began commercial operation...." Liberty, page III-

4. Liberty continues: "At some point in the future, this 345 kV line from Mill Creek to Hardin County (Liberty Facility #G) will be needed." Liberty, page III-4.

The February 27, 2006 Liberty Report includes a revised Load Forecast for 2015, at page III-3, comparing the LG&E summer load forecasts:

2004 Summer Load (MW)2005 Summer Load (MW)LG&E31473133This revision downward of about 0.44% was described by Liberty as "only a very smalldifference" but that report failed to discuss this reduction in the context of the<br/>observation in the earlier Liberty Report in Case No. 2005-00142 which noted the earlier<br/>downward revision from the 2002 load estimates.

Based upon the foregoing, the Cunninghams continue to dispute the need for the MC to HC line.

The Cunninghams disputed, and will continue to dispute the claim of need where neither LG&E/KU nor MISO, nor Liberty conducted an evaluation of the "upcoming voltage problems" in Hardin County from the perspective of whether other utilities, such as East Kentucky Power Cooperative/Big Rivers Electric or Warren RECC/East Kentucky Power or Peabody Coal/Thoroughbred will or may construct facilities that will address the "upcoming voltage problems." The Cunninghams argued before and will continue to dispute the claim of need where there may be other "ancillary service" options that may address the "upcoming voltage problems" that deserve to be investigated fully before the Public Service Commission should take action that would approve this transmission line.

The Cunninghams called and plan to recall Geoffrey Young, who testified that there were a number of alternatives that should be investigated by the applicants that could make the 345 kV transmission line from Mill Creek to Hardin County unnecessary, but that these alternatives had not been investigated according to the information filed with the application and the LG&E/KU data response.

#### CONCLUSION

The 2004 Amendments to KRS 278.020 included what is now Section (8) of that statute. That section contains the following final sentence.

The issuance by the commission of a certificate that public convenience and necessity require the construction of an electric transmission line shall be deemed to be a determination by the commission that, as of the date of issuance, the construction of the line is a prudent investment.

The applicants, LG&E/KU, have again failed to carry the burden to establish that at the present time the construction of the Mill Creek to Hardin County 345 kV transmission line – routed through the Cunningham wildlife property as Route 1 – or the

nearby Route 2 - are prudent investments. The evidence is to the contrary. Prudence requires careful investigation before construction. Under the requirements of KRS 278.020, and the standards of *Kentucky Utilities (1952)*, and to be consistent with the orders of the PSC in Case No 2005-00089 and in Case No. 2005-00142, the LG&E/KU application for the Mill Creek to Hardin County transmission line must be denied.

Respectfully submitted, W. Henry Graddy, IV Elizabeth R. Bennett

Cc: Hon. Bob Griffith Cathy and Dennis Cunningham Lisa Harrison Jennifer Harding LG&E/KU Representative at Public Hearing

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ATTENTION: The Kentucky Public Service Commission RE: Case No. 2005-00472

#### Comments at Public Hearing - March 6, 2006

I wish to express my concerns regarding the alternative route for the construction of a proposed electric transmission line across my property.

Once upon a time, some years back, it was like knock, knock at the door, I said, who is it, the answer was "eminent domain" and according to some geologists' reports we think your land has a lot of water under it. On December 6,2005, it was knock, knock again, and I wondered who is it. I couldn't believe it, there it was again- "eminent domain" saying as an alternative route we may need to use your property for the construction of a proposed electric transmission line. I hope that got your attention. It did mine.

I hope you can see why I have concerns. This property has already been affected by "eminent domain". The very field for the proposed transmission line already has an easement along the back to a local water district leading to Rough Creek. This proposed route would mean the back of the field with an easement to a water district and the front of the field with an easement to an electric company.

The front of the field for the proposed transmission line is frontage on St. John Road. The front corner and along Gray Lane, where the line would cross the field and exit the property, is the prime area for family building in the future. Also, any future plans for development of this property could be hindered by this transmission line.

The remainder of my property across Gray Lane is also affected by "eminent domain". The water district has a well, easements and a line running across the property. I'm sure this has affected the use of the land and the financial value of the property.

It is a very sincere request I make to the Kentucky Public Service Commission when I ask you to please take into consideration the sacrifice I have already made for "eminent domain" and to take a close look at how one field would be affected by "eminent domain" by two different utility companies.

Thank you for taking into consideration my concerns.

Loetta G. Morris, Property Owner 612 Cherrywood Dr. Elizabethtown, KY 427021

#### NOTARIZED PROOF OF PUBLICATION

#### STATE OF KENTUCKY

COUNTY OFAN/LLIN
Before me, a Notary Public, in and for said County and State, this $\underline{2nd}$ day of
MARCH, 2006, came RACHER MCCARTY
personally known to me, who being duly sworn, states as follows:
That she is Advertising Assistant of the $14 \text{MSS}$ , and that the following
Schuc, Inc., and that the following
publications: Sur a Hached ran the Legal Notice for
Louisville Gas & Electric Co. & KY Utilites Co. Case No. 2005-00467 and Case
No. 2005-00472.
$\sim$

Kachel M-larty Signed

I Shured

Notary Public

My commission expires \_\_\_\_\_\_\_

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#### NOTICE OF PUBLIC HEARING

The Public Service Commission of Kentucky will hold a public hearing on March 6, 2006, at 6:00 p.m., Eastern Standard Time, at the Pritchard Community Center located at 404 South Mulberrry Street in Elizabethtown, Kentucky for the purpose of hearing local public comments regarding Case Nos. 2005-00467 and 2005-00472, which are Joint Applications of Louisville Gas and Electric Company and Kentucky Utilities Company for the Construction of Transmission Facilities Jefferson, in Bullitt, Meade, and Hardin Counties in Kentucky.

LOUISVILLE GAS AND ELECTRIC COMPANY 220 West Main Street Louisville, Kentucky

> KENTUCKY UTILITIES COMPANY One Quality Street Lexington, Kentucky



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NOTICE OF PUBLIC HEARING

The Public Service Commission of Kentucky will hold a public hearing on March 6, 2006, at 6:00 p.m., Eastern Standard Time, at the Pritchard Community Center located at 404 South Mulberry Street in Elizabethtown, Kentucky, for the purpose of hearing local public comments regarding Case Nos. 2005-00467 and 2005-00472, which are Joint Applications of Louisville Gas and Electric Company and Kentucky Utilities Company for the Construction of Transmission Facilities in Jefferson, Bullitt, Meade, and Hardin Counties in Kentucky.

LOUISVILLE GAS AND ELECTRIC COMPANY 220 West Main Street Louisville, Kentucky **KENTUCKY UTILITIES COMPANY** One Quality Street Lexington, Kentucky




JARY 22, 2006

#### THE PIONEER NEWS 8-7











Louisville Gas and Electric Company and Mill Greek - Hordin County 345 kV Line Case Nos. 2005-00467 and 2005-00472 Kentucky Utilities Company Meirch 6, 2006

Johin Wolffreim Manager, Regulatiory Affalirs



- Design and construct the necessary transmission line: 0
- Conduct thorough analysis;
- Balance all appropriate factors, including cost and impacts;
- Emphasize use of existing facilities, including substations, lines, & rights of way;
- Solicit and consider comments of affected property owners; |
- Meet regulatory, legal, and environmental obligations



# Summary of Companies' Filings: Two Alternative Routes

#### <u>Case No. 2005-00467</u> <u>Route No. 1</u>

- Length: 42.03 miles
   Cost: \$57.74 million
  - Co-location: 55.86%

### <u>Case No. 2005-00472</u> Route No. 2

Length: 43.88 miles
Cost: \$60.97 million
Co-location: 66.29%





## **Overview of the Companies' Route Selection Process**

- Examine PSC orders in previous cases; assemble and review material developed for previous filing for Mill Creek - Hardin County line; 0
- Informal Staff Conference on October 4, 2005 to discuss process; ۲
- Consult with third-party experts throughout the process;
- Identified 1,203 routes within expanded area of inquiry;
- Estimate co-location and cost on each of the 1,203 routes;
- Consult with Fort Knox and eliminate the routes rejected by Fort Knox;
- Conduct sensitivity analyses;
- Select preferred and alternative routes using aforementioned data and expert judgment 0

#### The Need for the Line

• The need for the line has been established:

-Commission Order dated September 8, 2005, in Case No. 2005-00142 approving the Certificate of Public Convenience and Necessity for Trimble County Unit 2. -Immediate need for provision of power by 2010.

-No changed circumstances since the Commission's finding establishing need.





### Discussions with Other Agencies

- Discussed and Considered Comments from a number of Agencies: 9
- Fort Knox
- -- State Historical Preservation Officer
- U.S. Army Corp of Engineers
- U.S. and Kentucky Departments of Fish & Wildlife
- Kentucky Division of Water
- Jefferson County Metropolitan Sewer District



## Communications with Affected Property Owners

- Use of property owner input for final proposed route selection
- —Attempted to communicate with all affected property owners on each route on an individual basis; Company representatives:
- Sent letters and maps to all identified affected property owners, advising them of the projects and seeking information about each property that otherwise might not be known to the Companies;
- Received verbal and/or written comments from numerous property owners;
- --Provided and continue to provide a written response to each property owner from whom the Companies receive comment (written or verbal).



- Cutting and removal of vegetation will begin in the fall of 2006 where the highest percentage of easements have been obtained (Fort Knox);
- Material and labor will be competitively bid;
- Construction will begin in the spring of 2007;
- The line must be available for testing by 2009 Q3;
- Line must be in service by 2010 Q2 when TC2 comes on-line.

0)	Summary
۵	Companies have a Commission-recognized need for the line
ø	Companies followed Commission Staff guidance on the line routing process
8	Companies undertook extensive analysis of 1,203 possible routes
٥	Companies retained third party experts to assist in data processing and to conduct an independent analysis for identifying reasonable routes
ø	Companies conducted sensitivity studies to compare routes under numerous sets of different modeling assumptions
Ø	<ul> <li>Companies selected two routes that are reasonable in base case analysis and under sensitivity study scenarios by relying on data and expert judgment</li> </ul>
Ģ	<ul> <li>Companies communicated with affected landowners to identify route issues</li> </ul>
Ģ	<ul> <li>Companies addressed the challenges of (i) timing of need and (ii) balancing cost with co- location by filing two CCN Applications for two reasonable, mutually-exclusive routes</li> </ul>
	μ