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Mark David Goss  
Chairman

John W. Clay  
Commissioner

July 12, 2007

CERTIFICATE OF SERVICE

RE: Case No. 2007-00155  
American Electric Power

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on July 12, 2007.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/tw  
Enclosure



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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY	)	
POWER COMPANY FOR A CERTIFICATE	)	CASE NO.
OF PUBLIC CONVENIENCE AND NECESSITY	)	2007-00155
TO CONSTRUCT A 138 KV TRANSMISSION	)	
LINE IN FLOYD COUNTY, KENTUCKY	)	

O R D E R

On June 26, 2007, Kentucky Power Company ("Kentucky Power") filed a motion to cancel the scheduled August 2, 2007 hearing before the Commission; to submit the case for a decision on the record; and to request expedited approval of the application for a Certificate of Public Convenience and Necessity to construct an 8.3 mile 138 kV transmission line in Floyd County, Kentucky. In the alternative, Kentucky Power moves the Commission to advance the date for the hearing and, if necessary, set the matter to be heard by the Commission's hearing officer.

Kentucky Power filed its application on May 15, 2007. On May 30, 2007, the Commission entered an Order establishing a procedural schedule which provides for an August 2, 2007 public hearing. The Order also established June 14, 2007 as the deadline for any motions to intervene as well as for any requests for a local public meeting to be held in Floyd County.

The June 14, 2007 deadline passed without any requests for a local public meeting being filed. No one has filed any written opposition to the transmission line with

the Commission, and the Commission is unaware of any objection or opposition to the line.

Equitable Resources, Inc. (“Equitable”), the parent company of Equitable Gathering, LLC (“Equitable Gathering”), timely requested full intervention, which was granted by the Commission’s Order dated June 19, 2007. No other motions for intervention have been filed in this matter. Equitable’s interest in the case arises from the pending modification of Equitable Gathering’s Maytown Compressor Station.<sup>1</sup> The compressor station modification is necessary for the construction of the 70-mile Big Sandy gas pipeline, which will connect with Tennessee Gas Pipeline’s Broad Run Lateral in Carter County, Kentucky.<sup>2</sup> The pipeline and compressor station project will provide Kentucky natural gas producers with an outlet for their production, which is currently “shut in” for seven months a year due to the lack of pipeline and processing capacity.<sup>3</sup> Kentucky Power also states that the project will be available to provide “take-away” capacity for growth in gas production in the area.<sup>4</sup> Kentucky Power asserts that it is in the public interest that work begin on the transmission line as expeditiously as possible so that power will be available on or before the projected February 15, 2008

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<sup>1</sup> Motion of Equitable Resources, Inc. for Full Intervention at 2.

<sup>2</sup> Id. at 3. Kentucky Power Motion at 2.

<sup>3</sup> Kentucky Power’s Motion to Cancel Hearing, To Submit on the Record, and For Expedited Approval at 2.

<sup>4</sup> Id.

completion date for the Maytown Compressor Station modifications.<sup>5</sup> Kentucky Power states in its motion that Equitable supports both the application and the present motion.<sup>6</sup>

On June 18, 2007, the Staff consultant filed its report on the application with the Commission. The consultant's report agrees with Kentucky Power's analysis and agrees with Kentucky Power's plan to build the 138 kV transmission line with no additional changes, although the consultant posed the question of whether the problem of the large startup load demand created by the installation of two 11,000 horsepower motors at the Maytown Compressor Station could be resolved by replacing them with four or more smaller motors.<sup>7</sup>

At the request of Kentucky Power, on June 21, 2007, Commission Staff held an informal conference which was attended by representatives of both Kentucky Power and Equitable. During the informal conference, Staff directed a number of questions to both companies regarding the application, including a follow-up to the consultant's question regarding smaller compressor engines. The companies provided answers to all of the questions asked by Staff, both at the conference and in written answers filed with the Commission on June 25, 2007. During the informal conference, Equitable stated that it anticipates the load on the gas pipeline will greatly increase in the near future and that down-sizing the compressor motors would inhibit its ability to properly operate the gas pipeline if such an increase occurs.

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<sup>5</sup> Id.

<sup>6</sup> Id.

<sup>7</sup> Report on the Need for Morgan Fork – Hays Branch 138 kV Transmission Line in Floyd County, Kentucky, Proposed by Kentucky Power Co., at 2 and 26.

As the parties answered all of the Staff's questions prior to the June 25, 2007 deadline for the Commission to issue its final data requests, the Commission did not find it necessary to issue any data requests to the parties. Nor did the parties or the Commission find it necessary to file any data requests on the consultant's report.

As the case stands, the sole intervenor is Equitable, which supports the application, and the Commission has not received any letters of objection from the public or any other opposition to the Floyd County line. The proposed line will be 8.3 miles long and will run adjacent to or parallel to existing transmission line rights-of-way for 4.4 miles of its length, which is entirely within Floyd County.<sup>8</sup> Kentucky Power has identified 27 properties over which its planned line may run and has obtained 18 of the necessary easements. Kentucky Power anticipates obtaining the remaining easements in time for construction of the line to begin.

KRS 278.020(1) states, in relevant part:

Upon the filing of an application for a certificate, and after any public hearing which the commission **may in its discretion** conduct for all interested parties, the commission may issue or refuse to issue the certificate, or issue it in part and refuse it in part, except that the commission shall not refuse or modify an application submitted under KRS 278.023 without consent by the parties to the agreement. (emphasis added).

It is clear from the statutory language that the Commission may, in its discretion, choose not to hold a public hearing on an application for a Certificate of Public Convenience and Necessity, if the circumstances of the particular case do not require such a public hearing. In the present matter, the proposed siting of Kentucky Power's

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<sup>8</sup> Kentucky Power Application at 8.

138 kV transmission line in Floyd County has not generated any interest among the public; the line itself is relatively short, runs along existing right-of-way for more than half its distance, and is located entirely within one county; the Applicant has answered all of the Commission's questions; and the Commission Staff's consultant has recommended approval of the proposed line as proposed by Kentucky Power.

Based upon the foregoing, the Commission determines that the public hearing previously scheduled for August 2, 2007 is not necessary and that the Commission can issue its final Order in this matter based on the existing record and shall take the case under submission. Furthermore, the Commission believes that the Applicant and the Intervenor, Equitable, have shown good cause for the Commission to expedite the filing of its final Order in this matter based on the exigency of the pending startup of the gas compression motors at Equitable Gathering's Maytown Compressor Station.

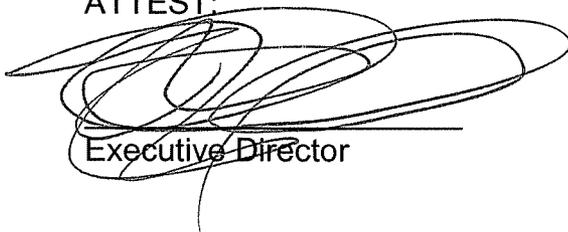
IT IS THEREFORE ORDERED that:

1. The formal hearing previously scheduled for 9:00 a.m., Eastern Daylight Time, on August 2, 2007 at the Commission's offices in Frankfort, Kentucky is canceled.
2. The Commission hereby takes this case under submission for a determination on the record filed herein.

Done at Frankfort, Kentucky, this 12th day of July, 2007.

By the Commission

ATTEST:



Executive Director