

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF THE NECESSITY)
AND USEFULNESS OF AND THE COST)
RESPONSIBILITY FOR THE HANGING)
ROCK-JEFFERSON 765-KV TRANSMISSION) CASE NO. 8904
LINE UNDER CONSTRUCTION BY KENTUCKY)
POWER COMPANY)

O R D E R

On August 12, 1983, the Attorney General's Office ("AG") filed a motion and memorandum in Case No. 8734, General Adjustments In Electric Rates Of Kentucky Power Company, requesting the Commission to revoke the certificate of public convenience and necessity granted to Kentucky Power Company ("KPC") on May 17, 1974, in Case No. 6019, Application of Kentucky Power Company for a Certificate of Public Convenience and Necessity Authorizing it to Construct Additional 765-KV Transmission Facilities. The certificate authorized KPC to construct 155.1 miles of 765-KV transmission line from the Hanging Rock Station of Ohio Power Company to the Jefferson Station of the Indiana and Michigan Electric Company ("Hanging Rock-Jefferson").

The AG's motion alleges that KPC's need for the transmission line should be reviewed due to significant increases in construction costs resulting in "a dramatic and unexplained change in the

evidence which formed the basis for issuance of the certificate."¹ In 1974, KPC's Executive Vice President, Mr. Waldo S. LaFon, testified in Case No. 6019 that the estimated construction cost was \$55 million and that reimbursement would be received for 95 percent of both the construction cost and operation and maintenance expenses. In August, 1983, KPC presented evidence in its general rate adjustment proceeding, Case No. 8734, that the estimated construction cost for the 765-KV transmission line was now \$123 million and that KPC would be responsible for 100 percent of both the construction cost and operation and maintenance expenses.

On August 22, 1983, KPC filed a memorandum in opposition to the AG's motion. KPC presents numerous arguments in support of its contention that it was improper for the AG to file such a motion in a rate case and that the relief requested (i.e., revocation of KPC's certificate) is meaningless since the construction is substantially complete. KPC concludes its memorandum by declaring:

We stand ready in an appropriate proceeding to furnish the Commission any additional information it desires in connection with the 765 KV line, the necessity for the line and the equity of the present arrangement to provide for the cost of the line.

Based on the memoranda filed in Case No. 8734 and a review of the records in both Case Nos. 6019 and 8734, the Commission is of

¹AG Motion To Revoke Certificate at 3.

the opinion and hereby finds that an investigation should be initiated to determine KPC's need for the Hanging Rock-Jefferson 765-KV transmission line and the appropriateness of KPC paying 100 percent of the construction cost and operation and maintenance expenses.

IT IS THEREFORE ORDERED that an investigation be and it hereby is initiated to determine KPC's need for the Hanging Rock-Jefferson 765-KV transmission line and the appropriateness of KPC paying 100 percent of the construction cost and operation and maintenance expenses.

IT IS FURTHER ORDERED that within 20 days of the date of this Order motions to intervene shall be filed in compliance with 807 KAR 5:001 Section 3(8).

IT IS FURTHER ORDERED that within 20 days of the date of this Order KPC shall file 12 copies of its testimony in verified prepared form on the issues of KPC's need for the Hanging Rock-Jefferson 765-KV transmission line, the benefits, if any, which will accrue to the American Electric Power Company, Inc., and its subsidiaries due to KPC's ownership of said transmission line and the appropriateness of KPC paying 100 percent of the construction cost and operation and maintenance expenses.

IT IS FURTHER ORDERED that a hearing be and it hereby is scheduled to commence on November 3, 1983, at 9:00 A.M., Eastern Standard Time, at the Commission's offices at Frankfort, Kentucky, for the purpose of cross-examination of witnesses of KPC.

IT IS FURTHER ORDERED that the records in Case Nos. 6019 and 8734 be and they hereby are incorporated by reference.

Done at Frankfort, Kentucky, this 20th day of September, 1983.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman Randall Not
Participating


Commissioner

ATTEST:

Secretary