

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY AND KENTUCKY)
UTILITIES COMPANY FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE AND NECESSITY) CASE NO. 99-056
FOR THE ACQUISITION OF TWO 164)
MEGAWATT COMBUSTION TURBINES)

O R D E R

On April 22, 1999, Dynegy Power Corp. (Dynegy) filed a motion to intervene alleging that it has a special interest in the application of the Louisville Gas and Electric Company and Kentucky Utilities Company (Joint Applicants) to acquire two combustion turbines. More specifically, Dynegy claims that it is interested in the impact that these two turbines may have on the ability of the Joint Applicants to provide transmission service to Dynegy for a combustion turbine it has planned for Oldham County, Kentucky. Dynegy's motion further alleges that the two combustion turbines under consideration in this case will impact the transmission capabilities of the Joint Applicants.

Based on the motion and being otherwise sufficiently advised, the Commission finds that Dynegy does not have an interest in the issues in this case sufficient to grant it intervention. The issues in this case, which arise under KRS 278.020(1) and 278.025, involve whether the Joint Applicants have a demand and need for additional generating capacity, whether the combustion turbines proposed herein are reasonable facilities to satisfy that demand and need, and whether there will be any wasteful

duplication. Dynegy's motion does not state that it has an interest in any of these issues.

Further, the Commission recognizes that our jurisdiction over the electric operations of the Joint Applicants extends only to their rates and service, in conjunction with sales for ultimate consumption, i.e., retail sales. These retail sales consist of a bundled package of generation, transmission, and distribution services. Dynegy's purchase of transmission service from the Joint Applicants will be to facilitate Dynegy's sale of electricity from its proposed combustion turbine. The Federal Energy Regulatory Commission (FERC) has asserted exclusive jurisdiction over the unbundled provision of electric transmission service. Thus, any concerns that Dynegy may have regarding the Joint Applicants' ability to provide unbundled transmission service to a merchant generating plant should be raised at the FERC.

IT IS THEREFORE ORDERED that the motion to intervene of Dynegy is denied.

Done at Frankfort, Kentucky, this 27th day of April, 1999.

By the Commission

ATTEST:

Executive Director