

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF THE PROPOSED )  
CONSTRUCTION OF 138 KV TRANSMISSION ) CASE NO.  
FACILITIES IN MASON AND FLEMING COUNTIES ) 2003-00380  
BY EAST KENTUCKY POWER COOPERATIVE, INC. )

O R D E R

The Commission on its own motion established this case by Order dated October 2, 2003. The purpose of this docket is to investigate the proposed construction of a new 138 kV transmission line proposed to be built by East Kentucky Power Cooperative, Inc. ( East Kentucky Power ) in Fleming and Mason counties and to ensure that the construction of the line does not result in wasteful duplication.

Prior to opening this investigation, the Commission received petitions signed by more than 60 residents and letters from local officials, suggesting alternative routes for the proposed transmission line and suggesting that the Commission open a formal investigation regarding East Kentucky Power s proposed construction. Based on those petitions and letters, the Commission initially began an informal investigation of this matter, which resulted in East Kentucky Power filing a report on July 25, 2003 in support of its proposed construction plans.<sup>1</sup>

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<sup>1</sup> East Kentucky Power s July 25, 2003 report was made part of the record in this case.

The Commission received individual letters from six residents<sup>2</sup> suggesting that other alternatives existed for East Kentucky Power including the rebuilding of an existing transmission line owned by Kentucky Utilities Company ( KU ). The Commission made KU a party to the proceeding and recognized that Kentucky Power Company d/b/a American Electric Power ( Kentucky Power ) should be made a party as well since it had interests that could be implicated in the case.

The residential intervenors were primarily concerned with one section of East Kentucky Power s project -- a new segment of transmission line proposed to be built between Kenton and Flemingsburg. They suggested that existing right-of-way could be utilized to reduce the impact on local residents. The Judge/Executives of Mason and Fleming counties brought certain siting issues to the attention of the Commission, noting that the residents of both counties were concerned about the impact the proposed route for the line would have on their property and homes. All suggested that the Commission investigate the matter further.

The Commission established a procedural schedule in the case and identified issues to be addressed by the parties at a formal hearing. Those issues included, but were not limited to: the need for the proposed transmission project; the alternatives considered to address the need; and the reason those alternatives were not selected. As the Commission lacks authority to affect the precise siting of the proposed facilities, it therefore did not identify routing or siting issues as relevant in its consideration of this project. The Commission retained Commonwealth Associates, Inc. ( CAI ), a consulting engineer, to review East Kentucky Power s engineering data, evaluate the need for

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<sup>2</sup> All six requested and were granted full intervention.

electrical improvements in the area of Fleming and Mason counties, and to compare the electrical benefits of viable alternatives identified in East Kentucky Power's July 25, 2003 report. CAI provided an independent cost opinion of those alternatives as well.

A public hearing was held on December 1, 2003. East Kentucky Power<sup>3</sup> presented testimony relating to the need for the project and the reason the current proposal was selected over the alternatives. The project satisfied three system needs: (a) to provide transient stability for the Spurlock Generating Units 1 and 2; (b) to prevent transmission overloading situations on the existing KU Kenton-Wedonia-Goddard line and subsequent Transmission Loading Relief orders; and (c) to provide an electrical backfeed to East Kentucky Power's Flemingsburg substation. The proposed project was chosen because it was more economical, the best electrical solution, and did not differ significantly from the other alternatives in terms of its overall local impact.

KU and LG&E<sup>4</sup> presented testimony regarding the alternative of rebuilding the existing KU line. East Kentucky Power's proposed project was really the only viable alternative for solving the system problems and satisfying East Kentucky Power's needs in the area. Rebuilding the KU Kenton-Wedonia-Goddard line was not a reasonable alternative for the following reasons: the conductors, structures, and anchors would all have to be replaced; new easements for use of the existing right-of-way would have to be obtained; another interconnection on the Kenton (KU-owned) to Hillsboro (Kentucky Power-owned) line and replacement of several 138 kV breakers would be required; and

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<sup>3</sup> Paul Atchison, Vice President of East Kentucky Power's Power Delivery Unit.

<sup>4</sup> Mark S. Johnson, Director of Transmission, for LG&E Energy Corp.

rebuilding the KU line would likely result in instability to the transmission system in the area during the rebuilding process.

Rebuilding KU's existing line would not address the system needs for load growth in the area, resulting in a potential for overload on the system if additional load growth or generation occurred. KU opposed the rebuilding since the project is not required to maintain service to existing KU ratepayers and they would derive no benefit from it.

Kentucky Power<sup>5</sup> echoed the testimony provided by KU regarding the alternative of rebuilding the KU line. Kentucky Power agreed with the findings of East Kentucky Power and CAI, that the proposed project represented the best of the possible solutions. Kentucky Power was not involved in the detailed analysis of East Kentucky Power's alternatives, but, based upon Kentucky Power's review of the reports mentioned above, East Kentucky Power's decision was based on well established planning, engineering, and economic analysis.

The Commission's consultant, CAI, produced a study that was made part of the record in this proceeding. The scope of the study was to evaluate the need for the line and to compare the alternatives discussed herein. Specifically, CAI compared the electrical capacity, the life span, the cost, and the impact on the transient stability of both alternatives. CAI found, consistent with the testimony described above that there is currently a need for additional transmission capacity from the Spurlock generating station to the customers in northeastern Kentucky, that the Spurlock-Flemingsburg-

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<sup>5</sup> Maximo Chau, Manager, East Area Transmission Planning for American Electric Power Service Corporation.

Goddard project provides more transmission capacity than the KU Kenton-Goddard project, and that the Spurlock-Flemingsburg-Goddard project is approximately 30 percent less expensive than the KU Kenton-Goddard project.

While the Commission is not unsympathetic with the concerns of the intervenors and the county governments of Fleming and Mason counties, there is no evidence in the record to support selection of either of the alternatives, rebuild of the KU line or the Hillsboro line over the selected project. Although several of the intervenors testified that there were too many transmission lines crossing their respective properties and suggested utilizing the existing rights-of-way for the proposed line, the evidence simply does not support that as a reasonable alternative to the project East Kentucky Power has planned. Making full use of existing facilities and rights-of-way is a commendable goal and is shared by the Commission. Unfortunately, the record in this case indicates the alternatives are not equal in terms of cost and service reliability.

Based upon the evidence of record and being otherwise sufficiently advised, the Commission finds that East Kentucky Power needs additional transmission capacity from the Spurlock generating station to the customers in northeastern Kentucky. We further find that East Kentucky Power cannot reasonably utilize existing facilities or right-of-way to meet those needs. The Spurlock-Flemingsburg-Goddard project does not constitute wasteful duplication, and East Kentucky Power's decision to pursue the project is reasonable. Based on the information provided and the concerns expressed by the intervenors, the Commission will expect East Kentucky Power to make every reasonable effort to mitigate any negative impacts that the proposed transmission facilities may have on the affected property owners. To that end, the Commission will

require East Kentucky Power to file bi-monthly reports with the Commission describing such efforts. The Commission commends the intervenors and residents of Mason and Fleming counties for their active participation in this matter.

IT IS THEREFORE ORDERED that:

1. East Kentucky Power shall make every reasonable effort to mitigate any negative impact that construction of the proposed transmission facilities may have on the affected property owners.
2. East Kentucky Power shall file, bi-monthly beginning February 2004 until the project is complete, a report describing its efforts to mitigate local impacts.
3. This case is hereby closed and is removed from the Commission s docket.

Done at Frankfort, Kentucky, this 30<sup>th</sup> day of December, 2003.

By the Commission

ATTEST:



Executive Director