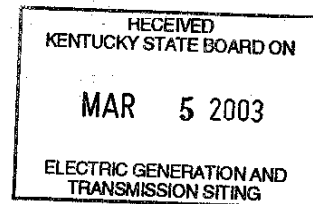


Kentucky Resources Council, Inc.

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March 4, 2003

Thomas Dorman, Executive Director
Kentucky State Board on Electrical Generation
and Transmission Siting
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky



By e mail only

Re: Case No. 2002-00312
Kentucky Pioneer Energy LLC

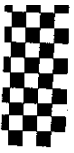
Dear Tom:

I have received and reviewed the application and supporting material filed by Kentucky Pioneer Energy LLC regarding the proposed power plant to be located on land leased from East Kentucky Power Cooperative at the J.K. Smith site near Trapp, Kentucky. These comments are submitted for consideration by your office and the Siting Board in review of the application against the standards of Senate Bill 257 (2002):

1. For any transmission lines that are to be constructed to link the proposed plant to the existing transmission grid, and upgrades that are to be constructed in order to support the new facility, the proposed routing, site assessment information, alternatives and proposed mitigation is required by statute to be included in the application. Irrespective of who will operate such lines, the siting of the transmission lines is a legitimate matter of inquiry for the Siting Board and was intended by the General Assembly to be considered *in conjunction with the review of the generating plant itself.*

The February 6, 2003 *Review and Evaluation of: A Site Assessment Report for Kentucky Pioneer Energy* prepared by Jason Associates Corporation, indicates that the "transmission lines are not included in the KPE scope for the project because they are the contractual responsibility of EKPC, who has contracted to receive 100% of the generated power. EKPC transmission lines are separately subject to PSC approval."

There are several conceptual problems with the artificial segmentation of the siting of the generating plant from consideration of the configuration and routing



Attention: **Electric Generation Board**

Date: **3/5/03**

Company:

Number of Pages: **4**

Fax Number: **1-502-564-3460**

Voice Number:

From: **Tom FitzGerald**

Company: **Kentucky Resources Council, Inc.**

Fax Number: **1-502-456-0510**

Voice Number: **1-502-451-2492**

Subject: **For Tom Dorman.**

Comments:

Tom - here is a hard copy of what I sent yesterday by e-mail.


The applicant should be required to amend the application to include all required information concerning the siting of transmission lines and other support structures, including site assessment information detailing the direct and indirect effects, alternatives considered, and mitigation proposed to reduce unavoidable impacts. The application should be deemed incomplete pending submittal of information meeting the requirements of the application and site assessment for all associated facilities, including interconnection facilities such as the switching station and construction of new or upgrading of transmission lines.

2. Section 11.3 of the application is not entirely accurate in addressing the necessity for obtaining local permits. The decision of the Hearing Officer in the pending administrative case of Charles Walters v. Natural Resources and Environmental Protection Cabinet and Kentucky Pioneer Energy, LLC, if upheld by the Cabinet Secretary, may define the facility as a municipal solid waste disposal facility and may require that the handling of the processed municipal solid waste by the facility be subject to a determination of consistency with the area solid waste plan under KRS Chapter 224. The Cabinet should be consulted in this regard.

3. KRC adopts and incorporates herein by reference the February 16, 2003 comments submitted by Ramesh Bhatt on behalf of the Sierra Club Cumberland Chapter.

Thank you in advance for your consideration of these concerns.

Cordially,



Tom FitzGerald
Director

of the transmission lines. First and foremost, the statute demands that transmission lines constructed to support particular merchant plants be reviewed in conjunction with the siting review of the generating plant itself.

The structure of the Act reflects a legislative intent that transmission lines constructed to support particular merchant plants and moving electrons from that plant onto the grid would be reviewed in conjunction with the siting review of the generating plant itself. KRS 278.700(2) defines a "merchant electric generating facility" to include "an electricity generating plant, *together with associated facilities*" and these lines are plainly associated with the generating facility and exist to support that plant's interconnection with the grid; regardless of who will actually construct the lines. The totality of impacts on the local community cannot be fairly assessed unless all associated facilities and their impacts are assessed and subject to public scrutiny.

Additionally, KRS 278.708(3)(a)4 clearly requires that the site assessment report include the location of transmission lines and other structures, and that the "facility" be evaluated for compatibility with scenic surroundings and impacts on property values, in addition to other impacts. The construction and maintenance of lines to be built to transmit the output of the facility to the grid or upgrades in transmission systems necessary to carry that capacity in the existing grid are lines and structures "associated" with and necessitated by the new plant, and must be evaluated in conjunction with the siting of the generating unit itself.

The Jason Associates report indicates that the transmission lines were not included within the project scope because they are to be constructed by EKPC. That response is insufficient for two reasons: first, because it is not at all certain that the current contract under which EKPC has committed to purchase the output from the Kentucky Pioneer facility will remain in place. The record reflects that the company has already contemplated termination of the contract with KPE but has, for the moment, withdrawn that termination. The Integrated Resource Plan for EKPC did not include *both* the new plant it currently has under construction *and* the proposed Kentucky Pioneer Energy plant, and the Public Service Commission is currently reviewing whether the energy from both facilities is needed and justified. In the event that the contract is terminated, there is a possibility that the transmission lines may *not* be constructed by EKPC.

There is a second concern, though, which is that even if the PSC does at some later time review the transmission lines, the PSC does *not* include in that review a consideration of the community, environmental, cultural resource, and aesthetic and property impacts of the line routing.