

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY)	
UTILITIES COMPANY FOR APPROVAL)	
OF A LICENSE AGREEMENT WITH)	
NORTH AMERICAN STAINLESS)	CASE NO. 2016-00182
CONCERNING THE GHENT)	
GENERATING STATION)	

APPLICATION

Kentucky Utilities Company (“KU”) hereby respectfully petitions the Kentucky Public Service Commission (“Commission”) by application pursuant to KRS 278.040, the Commission’s Order dated June 11, 2002 in Case No. 2002-00029,¹ 807 KAR 5:001, Section 14, and any and all other applicable statutes and regulations, to issue an order approving a Parking License Agreement between KU and North American Stainless (“NAS”), which is attached hereto as Exhibit A. The Agreement provides that KU will grant NAS a license to access and use a gravel-topped area located at KU’s Ghent Generating Station (“Ghent”), which was previously utilized by KU’s contractor, Kellogg-Brown&Root (“KBR”) as its contracting headquarters and parking for a recently completed construction project (“Parking Area”), for a term to expire no later than December 31, 2017. KU will convey to NAS no interest in the land on which the Parking Area is located. The proposed License Agreement will be in the public interest because the purpose of the Agreement is to assist NAS, which is constructing major improvements to its manufacturing facility near the town of Ghent, Kentucky, and is in need of temporary use of the Parking Area for

¹ *Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity for the Acquisition of Two Combustion Turbines at 6* (“Because of the finite nature and value of these [existing generation] sites, we find that KU and KU should seek Commission approval prior to entering into the sale or lease of any land located on an existing generation site.”).

employees of its contractor companies to park their cars. In addition, there will be no adverse impact on KU's operations at Ghent.

Because NAS needs immediate use of the Parking Area, time is of the essence concerning this proposal. KU therefore respectfully asks the Commission to issue the requested order by July 1, 2016.

In support of this Application, KU states as follows:

1. The full name and mailing address of KU are: Kentucky Utilities Company, Post Office Box 32010, 220 West Main Street, Louisville, Kentucky 40202. KU may be reached by electronic mail at the electronic mail addresses of its counsel set forth below.

2. KU is a utility engaged in the electric business. KU generates and purchases electricity, and distributes and sells electricity at retail in the following counties in Central, Northern, Southeastern and Western Kentucky:

Adair	Edmonson	Jessamine	Ohio
Anderson	Estill	Knox	Oldham
Ballard	Fayette	Larue	Owen
Barren	Fleming	Laurel	Pendleton
Bath	Franklin	Lee	Pulaski
Bell	Fulton	Lincoln	Robertson
Bourbon	Gallatin	Livingston	Rockcastle
Boyle	Garrard	Lyon	Rowan
Bracken	Grant	Madison	Russell
Bullitt	Grayson	Marion	Scott
Caldwell	Green	Mason	Shelby
Campbell	Hardin	McCracken	Spencer
Carlisle	Harlan	McCreary	Taylor
Carroll	Harrison	McLean	Trimble
Casey	Hart	Mercer	Union
Christian	Henderson	Montgomery	Washington
Clark	Henry	Muhlenberg	Webster
Clay	Hickman	Nelson	Whitley
Crittenden	Hopkins	Nicholas	Woodford
Daviess			

3. KU was incorporated in Kentucky on August 17, 1912, and in Virginia on November 26, 1991 (and effective as of December 1, 1991), and is in good standing in both Kentucky and Virginia.

4. Pursuant to KRS 278.380, KU waives any right to service of Commission orders by mail for purposes of this proceeding only. Copies of all orders, pleadings and other communications related to this proceeding should be directed to:

Robert M. Conroy
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4. Ghent consists of four generating units which have a net summer generating capacity of 1,917 megawatts, and it is located on the Ohio River northeast of Carrollton, Kentucky. Ghent began commercial operation in 1973 and is one of the most environmentally sound and

technologically advanced coal-fired generating plants in the nation.

5. Founded in 1990, NAS is the largest, fully integrated stainless steel producer in the United States. Located in Carroll County, Kentucky, NAS runs a state-of-the-art production facility on 1400 acres near a major interstate highway and also has direct access to the Ohio River.

6. NAS recently proposed to utilize the Parking Area at Ghent, because it is constructing major improvements to its manufacturing facility near the town of Ghent, Kentucky, and is in need of temporary use of the Parking Area for employees of its contractor companies to park their cars. NAS anticipates that its use of the Parking Area will end in October 2017, and the Agreement will expire on December 31, 2017.

7. KU is seeking the Commission's approval for the License Agreement because NAS's proposed use of the Parking Area will be located on part of a generating station's property. In its June 11, 2002 Order in Case No. 2002-00029, the Commission stated, "Because of the finite nature and value of these [existing generation] sites, we find that LG&E and KU should seek Commission approval prior to entering into the sale or lease of any land located on an existing generation site." Although the NAS proposal does not involve a lease or sale of land, it does involve land use for a period of time at Ghent, although it is located outside of the fence line.

8. The Commission should approve the proposed License Agreement attached hereto. KU does not anticipate any disruption of station operations arising from the use of the Parking Area by NAS. KU is not selling or leasing the land under the Parking Area; rather, KU will enter into the attached License Agreement permitting NAS to access and use its Parking Area for the duration of the Agreement. NAS will return the Parking Area to KU upon completion of its use in as good or better physical condition than it was on the date of the Agreement, including placement and leveling of new gravel topping, repair or removal of fencing, renovating highway

access, and any other wear and tear associated with NAS's use of the Parking Area identified by KU in its reasonable discretion for NAS to address.

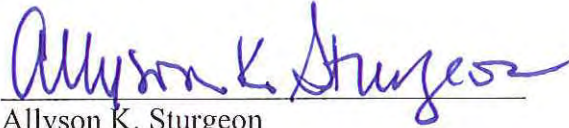
9. KU is not seeking Commission approval under KRS 278.218 for the License Agreement, because no part of the Agreement involves the transfer of a utility asset. Even if the License Agreement could be construed as a temporary transfer of control of the real property underlying the proposed facilities, it would be a transfer of the control of utility property with a book value well under \$1 million. The book value (and original cost) of the total acreage upon which the proposed facilities will reside, approximately two acres, is less than \$7,000.00 (approximately \$3,410.00 per acre), and KU is proposing only to license the use of the Parking Area, not to sell or lease the land.

10. Because NAS has an immediate need for the Parking Area, KU respectfully requests an order from the Commission by July 1, 2016.

WHEREFORE, Kentucky Utilities Company respectfully asks the Commission to issue an Order by July 1, 2016, approving the Parking License Agreement between KU and NAS, because it is in the public interest. The purpose of the Agreement is to assist NAS, which is constructing major improvements to its manufacturing facility near the town of Ghent, Kentucky, and needs temporary use of the Parking Area for employees of its contractor companies to park their cars. In addition, there will be no adverse impact on KU's operations at Ghent.

Dated: June 2, 2016

Respectfully submitted,



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Counsel for Kentucky Utilities Company

CERTIFICATE OF COMPLIANCE

In accordance with 807 KAR 5:001, Section 8, this is to certify that Kentucky Utilities Company's June 2, 2016 electronic filing of this Application is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on June 2, 2016; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original paper medium of this pleading will be delivered to the Commission within two business days of June 2, 2016.


Counsel for Kentucky Utilities Company

EXHIBIT A

PARKING LICENSE AGREEMENT

This Parking License Agreement ("Agreement") is made and effective as of the ____ day of _____, 2016, by and between Kentucky Utilities Company ("KU") and North American Stainless, Inc. ("NAS").

KU is owner of a gravel-topped area NAS desires to use temporarily for parking immediately south-southwest of KU's Ghent Power Generation Station, which area was previously used by KU's contractor, Kellogg-Brown&Root ("KBR"), as its contracting headquarters and parking for a recently completed project at the Ghent Station (the "Parking Area"). NAS is constructing major improvements to its manufacturing facility near the town of Ghent, Kentucky, and is in need of temporary use of the Parking Area for employees of its contractor companies to park their cars. NAS anticipates that its use of the Parking Area shall end in the October 2017, and this Agreement shall expire and be deemed terminated on December 31, 2017.

Consideration for this Agreement shall be ten dollars (\$10.00) paid by NAS to KU, the receipt and sufficiency of which KU hereby acknowledges, together with the mutual promises exchanged herein and the collegial goodwill of the parties that is cultivated by this Agreement.

KU does not represent or warrant that the Parking Area is suitable for NAS' intended use. NAS shall be responsible for obtaining any and all governmental approvals necessary for its use of the Parking Area. NAS shall be solely responsible for actively managing the Parking Facility to maintain its orderly use, cleanliness and to minimize any disruption of KU's operations and of local traffic transit. NAS shall indemnify and defend KU from and against any and all claims, suits, liabilities and other obligations arising from or in any way connected with NAS's and its contractors and contractors' employees use of the Parking Area. NAS shall provide KU a certificate of insurance with coverage levels in amounts and with insurers satisfactory to KU in its sole reasonable discretion and naming KU as an additional named insured, which insurance shall not be cancelled or revoked without the insurer endeavoring to provide KU at least thirty (30) days advance

written notice thereof. If at any time KU believes NAS's use of the Parking Area is inhibiting or otherwise inconveniencing KU's operations, KU shall notify NAS thereof and NAS shall immediately take action to address KU's concerns. KU shall have the right unilaterally to terminate this Agreement upon any failure by NAS to address KU's concerns within ten (10) days of KU's written notice.

NAS shall return the Parking Area to KU upon completion of its use, and in any event prior to the above-specified date, in as good or better physical condition than it was on the date of this Agreement, including placement and leveling of new gravel topping, repair or removal of fencing, renovating highway access, and any other wear and tear associated with NAS's use of the Parking Area identified by KU in its reasonable discretion for NAS to address.

All obligations of NAS specified herein shall be addressed at NAS's sole and exclusive expense. No variation, alteration, amendment or other change in the terms of this Agreement shall be effective unless expressed in a writing duly executed by authorized representatives of KU and NAS.

This Agreement is a personal contract and shall not run with title to KU's real property.

IN WITNESS WHEREOF this Agreement has been executed by its duly authorized representatives as of the date first above expressed.

North American Stainless, Inc.:
Company:

Kentucky Utilities

By: _____
Print Name:
Title:

By: _____
Print Name:
Title: