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Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
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David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Charles R. Borders
Commissioner

October 26, 2009

PARTIES OF RECORD

Re: Case No. 2009-00325
Kentucky Utilities Company
Need to Obtain Certificates of Public Convenience and Necessity

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Quang Nguyen, Staff Attorney, at 502/564-3940, Extension 256.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

QN/kar

Attachments

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File

FROM: Quang D. Nguyen, Staff Attorney

DATE: October 22, 2009

RE: Case No. 2009-00325
Application of Kentucky Utilities Company Concerning the Need to Obtain
Certificates of Public Convenience and Necessity for the Construction of
Temporary Transmission Facilities in Hardin County, Kentucky

Pursuant to the Commission's October 8, 2009 Order, an informal conference was held at the Commission's offices on October 13, 2009. A list of the attendees is attached hereto.

The purpose of the conference was to discuss the procedural schedule, any issues identified by The Liberty Consulting Group that needed clarification or further discussion, the Commission's September 21, 2009 Order, and the status of the construction of the Mill Creek to Hardin County ("MC-HC") transmission line.

Kentucky Utilities Company ("KU") provided a general overview of the MC-HC transmission line, including the impact to its customers as well as to KU's system and regional transmission planning as a result of any delay in completing the construction of this transmission line due to pending litigation. KU informed that it is attempting to mitigate the risk of such a delay by developing three temporary routes as a way to work around the parcels of land impacted by pending litigation.

A discussion was also had regarding the impact of the Commission's September 21, 2009 Order, which found that KU was required to obtain a Certificate of Public Convenience and Necessity pursuant to KRS 278.020(2) for the construction. KU expressed concerns regarding how the ruling would impact certain of its operational practices such as implementing temporary solutions to identified system constraints (e.g., upgrading thermal capacity due to reliability concerns). Commission Staff advised that each issue could only be addressed on a case-by-case basis and suggested that KU contact Staff for guidance if such a situation presents itself in the future.

There being no further discussions, the informal conference was adjourned.

Attachments

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CASE NO. 2009-00325

APPLICATION OF KENTUCKY UTILITIES COMPANY CONCERNING THE
NEED TO OBTAIN CERTIFICATES OF PUBLIC CONVENIENCE AND
NECESSITY FOR THE CONSTRUCTION OF TEMPORARY TRANSMISSION
FACILITIES IN HARDIN COUNTY, KENTUCKY

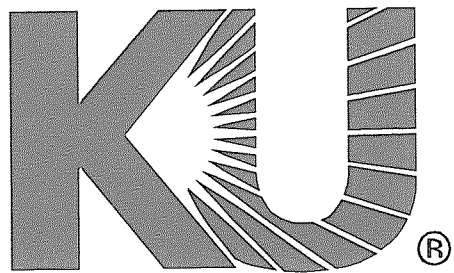
SIGN IN

October 13, 2009

PERSON

REPRESENTING

<u>Quang Nguyen</u>	<u>PSC</u>
<u>Ron Nardzick</u>	<u>PSC - FA</u>
<u>Fereydoon Gorjian</u>	<u>PSC - Electric Branch</u>
<u>RICK LOVEKAMP</u>	<u>KU</u>
<u>ED STATON</u>	<u>KU</u>
<u>Lonnie Bellan</u>	<u>KU</u>
<u>Robert Wae</u>	<u>KU</u>
<u>Allison Sturgeon</u>	<u>KU</u>
<u>Daryl Newby</u>	<u>PSC</u>
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Case No. 2009-00325

Application of Kentucky Utilities Company Concerning The
Need To Obtain Certificates Of Public Convenience And
Necessity For The Construction Of Temporary Transmission
Facilities In Hardin County, Kentucky

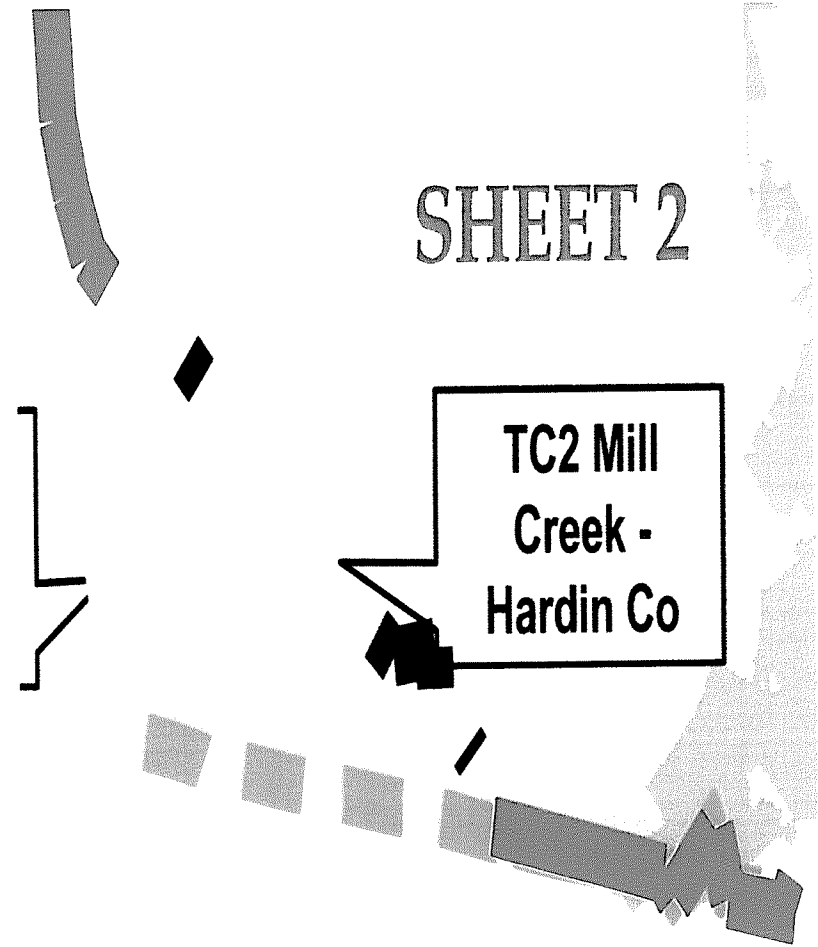
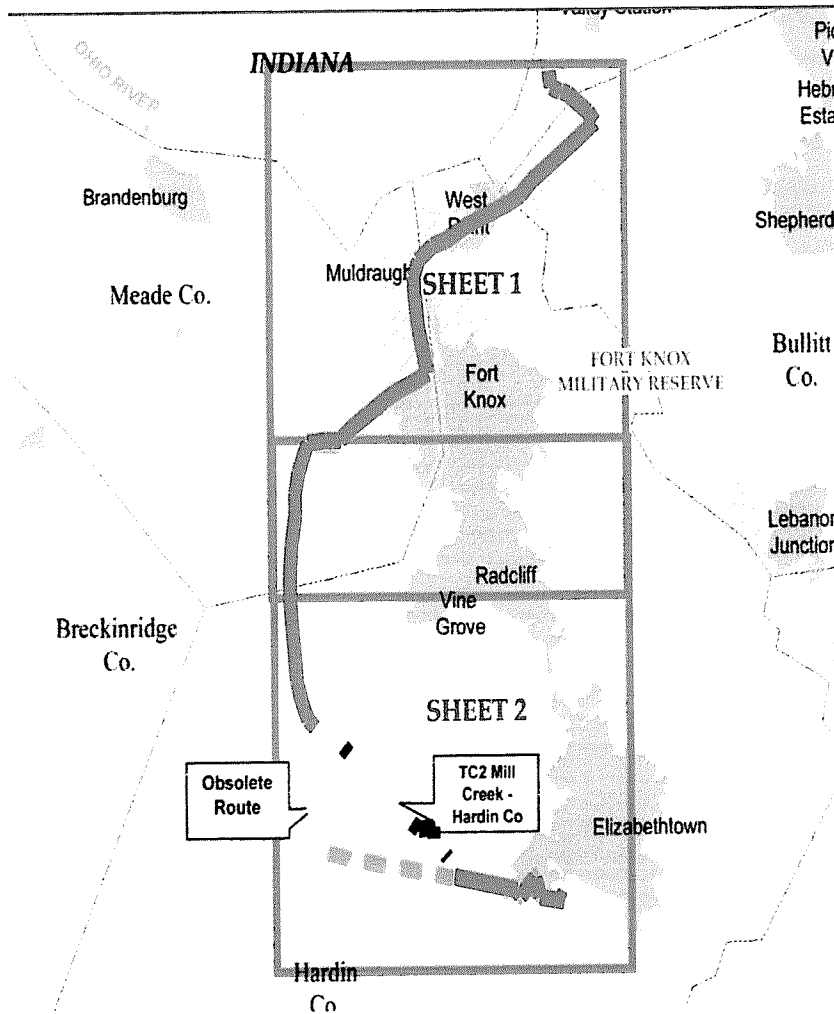
Informal Conference
October 13, 2009

Mill Creek to Hardin County Transmission Line

- *Commission approved construction of a 42.03 mile 345 kV transmission line on May 26, 2006 in Case No. 2005-00467.*
- *Construction began on the line in May 2007.*
- *LG&E and KU have obtained 96 out of a total 101 easements needed.*
- *Three landowners (owners of five properties combined) unsuccessfully challenged KU's right to condemn.*
 - *Owners have obtained a stay on appeal: CDH Preserve LLC, Mr. & Mrs. Jent, and Ms. Monroe.*
- *Construction was complete in September 2009, with the exception of the small area impacted by pending litigation brought by the three affected landowners.*



Transmission Route Map



Status of Pending Litigation

- **Kentucky Supreme Court – Appeal of TC2 Transmission Line CPCN**
 - *Kentucky Public Service Commission v. Hardin & Meade County Property Owners for Co-Location; Supreme Court of Kentucky, Case No. 2008-SC-000354-DG, (discretionary review granted on April 15, 2009).*
- **Kentucky Court of Appeals – Appeal of Condemnation Action**
 - *James L. Jent v. Kentucky Utilities Company, Kentucky Court of Appeals, Case No. 2008-CA-001565.*

Current Situation

- *Timely judicial relief is unlikely.*
- *Successful negotiations with the three remaining landowners is unlikely.*
- *Delay increases the risk to customers.*
 - *Increased burden on current transmission system to accommodate increased generation impacts of Trimble County Unit 2.*
 - *Thermal rating issues – redispatch events.*
 - *System reliability issues.*
 - *RTO and other regional utilities have included this line in their planning models – NERC (North American Electric Reliability Corporation) planning requirements dictate regional planning coordination.*

How to Mitigate Risk of Delay

- *Three temporary work-arounds developed*
 - *Monroe work-around (less than one mile)*
 - *Proceeding with construction on this work-around*
 - *CDH work-around (1.45 miles)*
 - *Jent work-around (1.78 miles)*
- *Work-arounds involve temporary easements that have been obtained on 14 additional properties.*
- *Attributes of temporary easements*
 - *Initial three-year easement term*
 - *Option for up to seven additional one-year terms*
 - *KU must exercise first option by December 30, 2009*
- *Implications of September 21, 2009 Order*

Project: 711
Version: 10.15
Client: Albert structure
RILEY & GERALD
497-924-0000-005



Red - Temporary
Blue - Permanent
Montroe Temporary Route

DODSON FLOYD
124-00-00-011

JONES LEY WANDA
124-09-00-02701

MONROE VIOLET W
124-00-00-02202
STR #240

WIMP KENNETH W & JOANN
124-00-00-012

MONROE VIOLET W

WIMP KENNETH W & JOANN

FERD W D
124-00-00-025

TOWERS
124-00-00-003



THOMAS CHARLES D. & JACK
SEED PRODUCTIONS, P.O. # 283

HAROLD D. GAIN
101-00-00-009

CDH PRESERVE LLC
101-00-00-021 (A)

MICHAEL & CELIA THOMAS
123-00-00-1002

CDH PRESERVE LLC
123-00-00-021

CDH Temporary Route

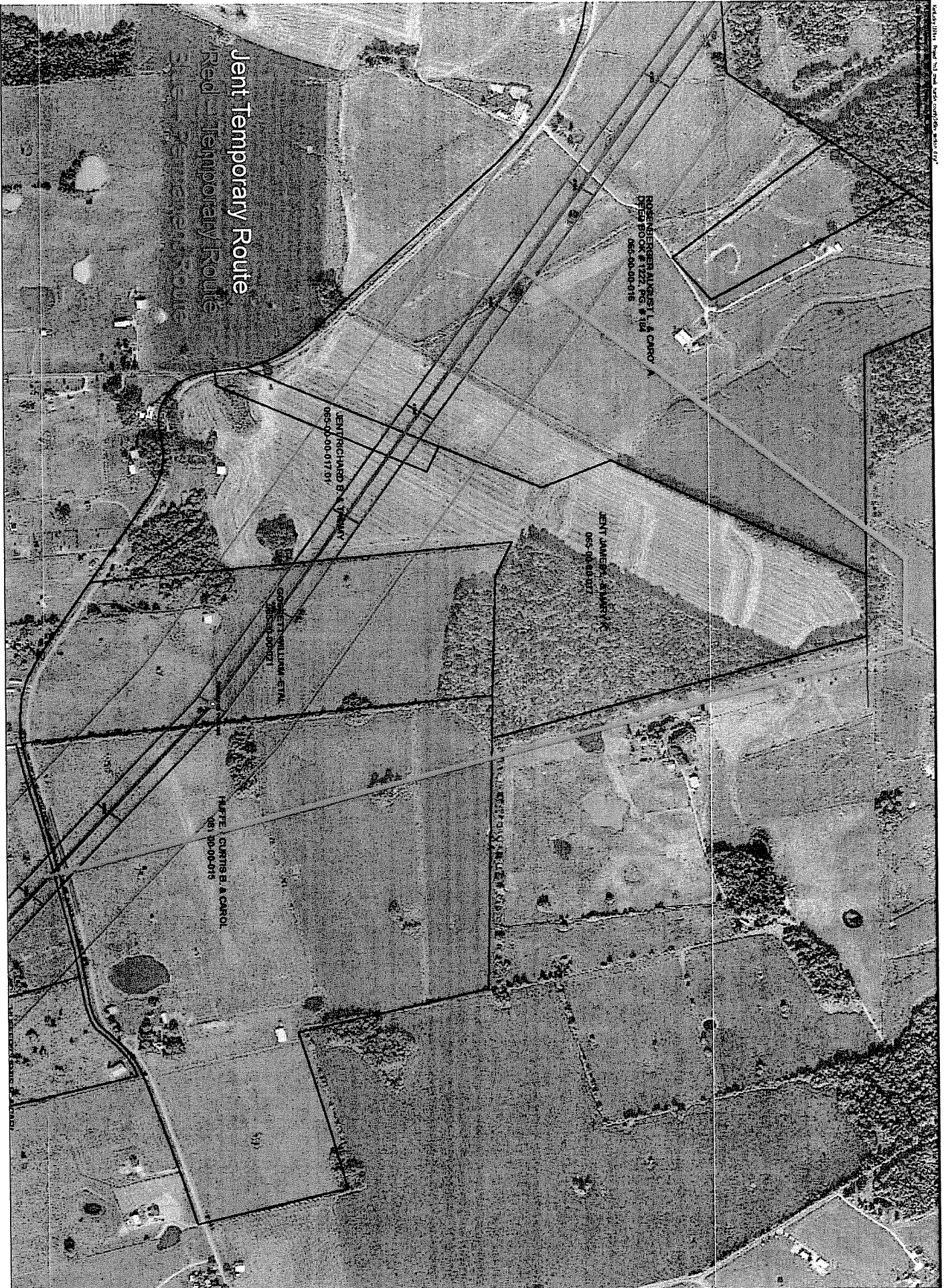
Prop. Permanent Route

JESSE A. GERVAIN
124-00-00-002

LIBRANTE & ASSOCIATES
124-00-00-015

JAMES & CHARLOTTE
COOPER

JAMES & SANDRA
THOMPSON
124-00-00-007



Jent Temporary Route

Red Temporary Route

ROSENBERG ALVUS L & CAROL A
DEED BOOK # 1222 PG # 184
063-00-00-018

JENTRICHARD B & JOHANNY
063-00-00-017-01

JENT JAMIE R & JAMIE M
063-00-00-017

COCKETT WILLIAM ETAL
DEED BOOK # 1222 PG # 184
063-00-00-017

HAPPE CURTIS B & CAROL
063-00-00-016