
FEDERAL ENERGY REGULATORY COMMISSION



WASHINGTON, D.C. 20426

NEWS RELEASE

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FOR IMMEDIATE RELEASE

August 3, 2005
Docket Nos. TX05-1-000, et al.

COMMISSION ORDERS TVA TO INTERCONNECT POWER SYSTEM WITH EAST KENTUCKY CO-OP

The Federal Energy Regulatory Commission today ordered the Tennessee Valley Authority (TVA) to interconnect its power system with East Kentucky Power Cooperative (EKPC) and to provide EKPC with coordination services necessary to deliver energy to Warren Rural Electric Cooperative Corp. in Bowling Green, KY.

“Our action today is firmly consistent with section 210 of the Federal Power Act. This order allows Warren to purchase wholesale power from a lower-cost supplier, while providing for TVA to recover its costs related to the interconnection,” said FERC Chairman Joseph T. Kelliher.

Under the Federal Power Act, the Commission may order an interconnection “if the interconnection would encourage overall conservation of energy or capital, optimize efficiency of use of facilities and resources, or improves the reliability of any electric utility system to which the order applies.”

EKPC, an electric generation and transmission cooperative, is scheduled to begin providing electric service to Warren in 2008. At present, Warren serves its 54,000 customers with TVA power. TVA rejected EKPC’s request to purchase transmission service in order that the cooperative could provide power to Warren under a new 33-year power contract. To facilitate this transaction, EKPC asked the Commission for an interconnection order, stating that it plans to construct about 90 miles of transmission lines and three interconnection points.

TVA operates an extensive transmission system spanning all or parts of a seven-state area in Southeast. EKPC currently is interconnected to TVA’s transmission system at five delivery points.

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In an April 14, 2005, order, the Commission found the interconnection would meet the Commission standards, stating that the requested interconnections would: (1) enable EKPC to enlarge its membership and to optimize the use of system resources; (2) encourage the conservation of energy and capital by providing Warren with access to more economical sources of power; and (3) optimize the use of existing facilities by allowing increased competition. The Commission further found that as a result of the interconnection, Warren and its customers would be able to purchase power at lower rates than they pay to TVA. The April order gave the parties 30 days to negotiate the terms and conditions for the new interconnections. The parties were unable to reach agreement.

Today's order gives TVA 30 days to file the rates, terms and conditions for interconnection with East Kentucky. The Commission also noted that EKPC changed one of the three interconnection points from its initial filing and gave the cooperative 15 days to file a revised system impact study to reflect the modified interconnection request.

In addition, today's order addresses TVA's concerns about possible inadvertent loop flows (energy traveling across lines not designated as the power's contract path) across its transmission system as a result of the East Kentucky interconnection. The Commission said TVA would be allowed to seek compensation. "Because TVA as a non-public utility cannot file a transmission rate at the Commission for unauthorized flows...and because the costs of such flows will occur as a result of a Commission-ordered interconnection, we believe cost recovery should be permitted through [the Interconnection Agreement between EKPC and TVA] rather than TVA having to go to another forum to seek recovery," the Commission said.

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