

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR AUTHORIZATION OF) CASE NO. 2005-00528
CHANGES IN SERVICE TERRITORY WITH)
CLARK ENERGY COOPERATIVE, INC.)

ORDER

Kentucky Utilities Company (“KU”) has applied for approval of a contract with Clark Energy Cooperative, Inc. (“Clark Energy”) that allocates certain territory and customers between the two retail electric suppliers.¹

Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. KU furnishes electric service to approximately 484,822 consumers in the Commonwealth of Kentucky, including Clark County, Kentucky, for ultimate consumption.
2. Clark Energy furnishes electric service to approximately 24,796 consumers in the Commonwealth of Kentucky, including Clark County, Kentucky, for ultimate consumption.²
3. KU and Clark Energy are “retail electric suppliers.” KRS 278.010(4).

¹ FERC Financial Report – FERC Form No. 1 for the Period Ending December 31, 2004, Supplemental Electric Information – “Revenues, Customers and KWH Sales for Reporting Year 2004.”

² Annual Report of Clark Energy Cooperative, Inc. to the Public Service Commission for the Year Ended December 31, 2004 at 13.

4. On September 9, 2005, KU and Clark Energy entered into an agreement in which they agreed that KU should provide electric service to the residence and lot located at 395 Doe Run Lane on the Charles E. Taulbee property in Clark County, Kentucky.

4. The property in question is currently located in Clark Energy's certified territory.

5. The proposed agreement between KU and Clark Energy does not affect any other portion of the retail electric suppliers' certified territory.

6. KU's electric distribution facilities are the closest to the property in question.

7. Although the property is currently located in its certified territory, Clark Energy cannot provide retail electric service to the property without incurring significant costs to obtain easements and rights-of-way for its electric distribution facilities.

8. The proposed contract promotes the orderly development of retail electric service and minimizes disputes between retail electric suppliers that would result in inconvenience, diminished efficiency, and higher costs in serving the customer.

9. The proposed contract avoids the wasteful duplication of facilities, unnecessary encumbering of the landscape, and prevents waste of materials and natural resources.

10. The proposed contract promotes the purposes of KRS 278.016 and will provide adequate and reasonable service to the area and consumers that it affects.

11. Good cause exists to grant KU's request for a deviation from Administrative Regulation 807 KAR 5:001, Section 8(2), to submit less than 10 copies of its application.

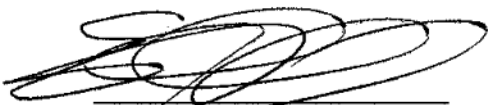
IT IS THEREFORE ORDERED that:

1. KU is granted a deviation from Administrative Regulation 807 KAR 5:001, Section 8(2), to submit less than 10 copies of its application.
2. The contract between Clark Energy and KU to reallocate the Taulbee Property from Clark Energy to KU is approved.
3. All other certified territorial boundaries between Clark Energy and KU remain unchanged.

Done at Frankfort, Kentucky, this 24th day of March, 2006.

By the Commission

ATTEST:



Executive Director