

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF)	
LOUISVILLE GAS AND ELECTRIC COMPANY)	CASE NO.
AND KENTUCKY UTILITIES COMPANY FOR)	2020-00097
APPROVAL OF THE TRANSFER OR SPARE)	
TRANSFORMERS)	

ORDER

On March 26, 2020, Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Company (KU) filed an electronic joint application, pursuant to KRS 278.218, requesting approval to transfer two spare transformers between the companies. LG&E and KU (jointly LG&E/KU) state that the transfer of the transformers is necessary to maintain safe and reliable service. LG&E/KU further state that the transfer will be made at net book value in accordance with the companies' *Corporate Policies and Guidelines for Intercompany Transactions*.

In support of their request, the companies explain that KU's Hardin County project involves an expansion necessary to meet the requirements of the North American Electric Reliability Corporation's Reliability Standard TPL-001-4 and LG&E/KU's Planning Guidelines. KU notes that the project requires, among other things, the installation of a 138/69 kV transformer at Hardin County to address significant low voltage risks that were identified in the Transmission Expansion Plan process and approved by LG&E/KU's Independent Transmission Organization, TranServe. KU states that the project will utilize

a spare transformer located at Hardin County and owned by LG&E. The 138/69 kV transformer has a net book value of \$994,567 (original book value of \$1,020,906).

The companies note that LG&E's Blue Lick Transformer Replacement project involves replacing the existing 240 MVA, 345/161 kV transformer with a new higher-rated transformer to address the risk of transformer overloads during planning studies under two separate contingencies. LG&E states that the project will utilize a spare 450 MVA transformer owned by KU and currently stored in a storage facility in Shelbyville, Kentucky. The 450 MVA transformer has a net book value of \$2,893,494 (original book value of \$3,172,566).

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that the transfers of transmission assets requested in the joint application of LG&E/KU are subject to prior approval pursuant to KRS 278.218.¹ The Commission further finds that, pursuant to KRS 278.218(2),² the transfers at net book value are for a proper purpose and consistent with the public interest in that such transfers are needed by LG&E/KU to provide and maintain safe and reliable electric service to their customers.

¹ KRS 278.218(1) provides in full as follows.

(1) No person shall acquire or transfer ownership of or control, or the right to control, any assets that are owned by a utility as defined under KRS 278.010(3)(a) without prior approval of the commission, if the assets have an original book value of one million dollars (\$1,000,000) or more and:

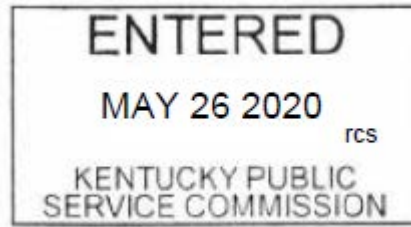
- a. The assets are to be transferred by the utility for reasons other than obsolescence; or
- b. The assets will continue to be used to provide the same or similar service to the utility or its customers.

² KRS 278.218(2) states that "[t]he commission shall grant its approval if the transaction is for a proper purpose and consistent with the public interest."

IT IS THEREFORE ORDERED that:

1. LG&E/KU's joint application for approval of the transfers of the transformers associated with KU's Hardin County project and LG&E's Blue Lick Transformer Replacement project at book value and pursuant to KRS 278.218 is approved.
2. Within 30 days of the closing of each transfer, LG&E/KU shall file notice with the Commission indicating the asset transferred, final documents, and accounting entries for each utility.
3. Any documents filed pursuant to ordering paragraph 2 of this Order shall reference the case number of this matter and shall be retained in the post-case correspondence file of this matter.
4. This matter is closed and shall be removed from the Commission's docket.

By the Commission



ATTEST:



Executive Director

Case No. 2020-00097

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