

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
UTILITIES COMPANY FOR AUTHORIZATION)	CASE NO.
OF CHANGES IN SERVICE TERRITORY)	2021-00372
WITH SOUTH KENTUCKY RURAL ELECTRIC)	
COOPERATIVE CORPORATION)	

ORDER

On November 23, 2021, Kentucky Utilities Company (KU) filed an application, pursuant to KRS 278.018(6), for approval of an agreement with South Kentucky Rural Electric Cooperative Corporation (South Kentucky RECC) to change the certified territorial boundary between the two utilities in central Pulaski County.

LEGAL STANDARD

KRS 278.018(6) permits retail electric suppliers to contract with one another, subject to Commission approval, for the purpose of allocating territories and consumers between them, and designating which territories and consumers each provider will serve. The Commission is required to approve such a contract “if it finds that the contract will promote the purposes of KRS 278.016 and will provide adequate and reasonable service to all areas and consumers affected thereby.”¹ The purposes of KRS 278.016, which authorizes exclusive service territories for retail electric suppliers, are (1) to promote the orderly development of retail electric service; (2) to avoid wasteful duplication of facilities and unnecessary encumbering of the land; (3) to prevent the waste of materials and

¹ KRS 278.018(6).

natural resources; (4) to minimize disputes between retail electric suppliers; and (5) for public convenience and necessity.

BACKGROUND

The utilities explained that this matter arose when a developer requested to have a single utility provide electric service to five new apartment buildings. Two of the five apartment buildings are split by the electric service certified territorial line, and three buildings are wholly within KU's certified electric service territory.² Due to the developer's request and KU's existing services in the immediate area, South Kentucky RECC contacted KU about KU serving the entire development. KU has provided electric service to this immediate area for over 40 years.³

South Kentucky RECC was initially contacted by the developer/customer, requesting electric service for his development. South Kentucky RECC representatives met with the developer and discovered that one parcel was a split lot with KU and the majority of the development would be located within KU service territory.⁴ South Kentucky RECC further determined that only one or two of the five proposed buildings could be easily served from South Kentucky RECC existing electric facilities.⁵

KU and South Kentucky RECC discussed options, including for KU to serve the three buildings situated wholly within KU's current service territory, and for South Kentucky RECC to serve the two buildings that are located within the split territory. But

² Application at 3.

³ *Id.*

⁴ KU's Response to Commission Staff's First Request for Information (filed Jan. 18, 2022), Item 1.

⁵ *Id.*

the developer requested to have all buildings served by one utility, which the utilities agreed was a reasonable request.⁶

Additionally, while preparing to make this application, KU and South Kentucky RECC reviewed maps of this area and realized that the Commission's certified territorial line did not match the existing property lines in terms of which utility is already providing service.⁷ KU has been inadvertently serving outside of its respective certified territory. Thus, KU also seeks to move the official boundary line to match the existing property lot lines. If the boundary line were to change, no customers will change providers.⁸ The territorial lines will reflect which utility is serving which lots. Therefore, in addition to redrawing the boundaries to include all of the designated area as part of KU's certified territory, KU and South Kentucky RECC agree to redraw the boundaries to include the existing lots that KU is already serving within KU's certified territory as well.⁹

DISCUSSION

KU provided a copy of the agreement which describes the requested change in certified territories. The agreement is signed and dated by representatives of South Kentucky RECC and KU.¹⁰ KU provided two maps, a quadrangle/topographic map and a detailed site map, showing the proposed changes to the service territory. The quadrangle/topographic map was signed and dated by KU on October 12, 2021, and by

⁶ *Id.*, Item 4.

⁷ Application at 3.

⁸ *Id.*

⁹ *Id.*

¹⁰ Application, Exhibit 1 at 2.

South Kentucky RECC on October 13, 2021. The detailed site map was signed and dated by KU on December 8, 2021, and by South Kentucky RECC on December 19, 2021.¹¹

For the reasons stated below, the Commission finds that the proposed territorial boundary change promotes the purposes of KRS 278.016 and will provide adequate and reasonable service to all areas and consumers affected. The agreement between KU and South Kentucky RECC to change the certified territorial boundary promotes the orderly development of retail electric service. The agreement avoids wasteful duplication

¹¹ Application, Revised Exhibit 3. The boundary change is on the topographic map of Delmer, KY, 1:24,000 United States Geological Survey, and is defined on the detailed site map by the following Northings and Eastings in the North American Datum of 1983, State Plane Kentucky South FIPS 1602, in US Feet:

<u>ID</u>	<u>Easting</u>	<u>Northing</u>
1	1,966,091.25	1,909,561.57
2	1,966,052.87	1,909,606.30
3	1,966,012.75	1,909,655.97
4	1,965,974.63	1,909,702.14
5	1,965,875.65	1,909,822.02
6	1,965,768.13	1,909,940.47
7	1,965,940.72	1,910,153.09
8	1,965,966.11	1,910,184.55
9	1,966,059.76	1,910,299.50
10	1,966,095.77	1,910,343.87
11	1,966,169.22	1,910,434.01
12	1,965,992.20	1,910,580.00
13	1,966,108.59	1,910,764.84
14	1,966,121.71	1,910,802.17
15	1,966,162.33	1,910,868.31
16	1,966,257.37	1,911,058.21
17	1,966,082.20	1,911,148.42
18	1,966,164.01	1,911,303.79
19	1,966,103.67	1,911,335.22
20	1,966,201.43	1,911,532.94
21	1,966,418.33	1,911,430.14
22	1,966,511.22	1,911,633.23
23	1,966,710.14	1,911,541.04

and unnecessary encumbering of the land, and prevents the waste of materials and natural resources. KU has existing facilities in the area, therefore permitting this territorial boundary change will allow KU to extend service to the developer without encumbering any additional land. The agreement serves to minimize potential disputes between retail electric suppliers because both affected retail electric suppliers have agreed to the change. KU has provided adequate and reasonable service to its customers in this area for over forty years. Therefore, the Commission finds that KU can provide adequate and reasonable service to the area described in the application.

IT IS THEREFORE ORDERED that:

1. The boundary changes agreed upon by KU and South Kentucky RECC are approved.
2. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:

A handwritten signature in blue ink that reads "Linda C. Bidwell". The signature is written in a cursive style and is positioned above a horizontal line.

Executive Director

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