

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF OWEN)	
ELECTRIC COOPERATIVE, INC. FOR)	CASE NO.
AUTHORIZATION OF CHANGES IN SERVICE)	2023-00020
TERRITORY WITH DUKE ENERGY KENTUCKY,)	
INC.)	

ORDER

On January 25, 2023, Owen Electric Cooperative, Inc (Owen Electric), filed an application pursuant to KRS 278.018(6), for approval of an agreement with Duke Energy Kentucky, Inc. (Duke Kentucky) to change the utilities' certified territorial boundary in Campbell County, Kentucky. On February 14, 2023, Owen Electric filed an amended application. No person requested intervention. This case is now before the Commission for a decision on the merits.

BACKGROUND

Owen Electric and Duke Kentucky have agreed by contract to a territorial boundary change for several existing and proposed residential homes located near Madonna Drive in Alexandria, Kentucky. Owen Electric received a request for new residential service located at 10422 Madonna Drive, Alexandria, Kentucky.¹ Upon review of the request, Owen Electric noted that Duke Kentucky was already serving nearby homes within Duke Kentucky's service territory.² During the information gathering process, Owen Electric

¹ Amended Application at unnumbered page 2.

² Amended Application at unnumbered page 2.

became aware of four other nearby homes that are within Owen Electric territory, but that Duke Kentucky has been serving for a number of years, the first dating to back 1976.³

Owen Electric stated in its application that the nearest primary distribution line is over 1,790 feet from the proposed new home. Owen Electric noted that providing the new service as well as providing service to the existing four properties being served by Duke Kentucky would require Owen Electric to run a new line from its existing primary distribution line through a heavily wooded area with a portion of the line required to be installed underground to go beneath an O.V.E.C transmission line.⁴ Owen Electric and Duke Kentucky provided documentation stating their expected cost to serve the area in question. Owen Electric stated that its cost to provide service to the new and existing customers would be \$79,781.23 and Duke Kentucky stating that its cost would be \$12,054.17 to provide service to the new residential customer.⁵

Owen Electric provided a copy of the agreement which describes the requested change in the certified territories.⁶ The agreement is signed and dated by representatives of Owen Electric and Duke Kentucky. Also, Owen Electric provided two maps, a quadrant

³ Amended Application at unnumbered page 2.

⁴ Amended Application at unnumbered page 2.

⁵ Amended Application, Exhibit 2.

⁶ Amended Application, Exhibit 1.

map⁷ and a detailed site map,⁸ showing the proposed changes to the service territories.⁹ The quadrant map was signed and dated by a representative of Owen Electric and Duke Kentucky on January 23, 2023. The detailed site map was signed by a representative from Owen Electric and Duke Kentucky on April 17, 2023.¹⁰

LEGAL STANDARD

In order to encourage the orderly development of retail electric service, to avoid wasteful duplication of distribution facilities, to avoid unnecessary encumbering of the landscape, to prevent the waste of materials and natural resources, and to minimize disputes between retail electric suppliers, which may result in inconvenience, diminished efficiency and higher costs in serving the consumer, Kentucky's legislature divided the state into geographical areas, and established which retail electric supplier is to provide the retail electric service within each area.¹¹ No retail electric service supplier may furnish retail electric service in the certified territory of another retail electric supplier.¹² However,

⁷ Amended application, Exhibit 3.

⁸ Owen Electric's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Apr. 19, 2023), Exhibit 4 revised.

⁹ Owen Electric's Response to Staff's First Request, Exhibit 4 revised. The boundary change is on the site map of Alexandria, KY, 1:24,000 United States Geological Survey, and is defined by the following points of latitude and longitude.

Point Number	Latitude	Longitude
1	38.9184	-84.4135
2	38.921	-84.4157
3	38.9237	-84.41
4	38.9227	-84.4091

¹¹ KRS 278.016.

¹² KRS 278.016.

a retail electric supplier may contract with another retail electric supplier for the purpose of allocating territories and consumers and designating which territories and consumers are to be served by which retail electric supplier.¹³ Such a contract between retail electric suppliers must be approved by the Commission, and the Commission shall approve such a contract if the Commission 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 by the contract.¹⁴

DISCUSSION AND FINDINGS

The maps provided by Owen Electric show an orderly and minor change in the certified service territories. The agreement between Owen Electric and Duke Kentucky to change their certified territorial boundary lines avoids wasteful duplication of facilities and unnecessary encumbering of the land, because Duke Kentucky is already providing service in the area and it would be significantly more costly for Owen Electric to extend its service to the area. Further, the agreement serves to minimize potential disputes between retail electric suppliers because the affected retail electric suppliers have agreed to the changes in a cooperative manner and the changes themselves are unlikely to lead to dispute. Duke Kentucky has existing facilities in the area and is already serving four customers in the territory, and therefore, should be able to serve the new residential customer adequately and reasonably without wasteful duplication. Thus, the Commission finds that the proposed territorial boundary changes promote the purposes of

¹³ KRS 278.018(6).

¹⁴ KRS 278.018(6).

KRS 278.016 and will provide adequate and reasonable service to all areas and consumers affected.

IT IS THEREFORE ORDERED that:

1. The boundary changes agreed upon by Owen Electric and Duke Kentucky are approved.
2. This case is closed and removed from the Commissions docket.

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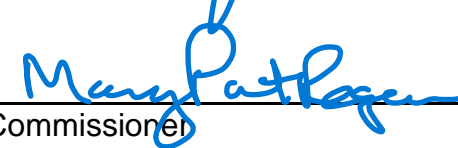
PUBLIC SERVICE COMMISSION



Chairman



Vice Chairman



Commissioner

ENTERED
AUG 02 2023 bstb
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

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