

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
POWER COMPANY PURSUANT TO)	
KRS 278.018(6) FOR APPROVAL OF AN)	
AGREEMENT FOR KENTUCKY POWER TO)	CASE NO.
SERVE A CUSTOMER LOCATED IN GRAYSON)	2025-00374
RURAL ELECTRIC COOPERATIVE)	
CORPORATION'S SERVICE TERRITORY IN)	
CARTER COUNTY, KENTUCKY)	

ORDER

On December 30, 2025, Kentucky Power Company (Kentucky Power) filed an application pursuant to KRS 278.018(6) for approval of a written agreement with Grayson Rural Electric Cooperative Corporation (Grayson RECC) to transfer the right to serve one customer, located in Carter County, Kentucky, within Grayson RECC's certified territory, to Kentucky Power. This customer is currently without service. Kentucky Power stated that its agreement with Grayson RECC, which is attached as Exhibit 2 to the application, "is not intended to modify the boundary line between the certified territories of Kentucky Power and GRECC, or to authorize Kentucky Power to provide retail electric service to other customers located in GRECC's certified territory."¹

Kentucky Power asserted that to adequately serve the customer, Grayson RECC would have to extend its distribution facilities 4,579 feet, whereas Kentucky Power would

¹ Application (filed Dec. 30, 2025) at 3.

only have to extend its distribution facilities 1,344 feet.² Kentucky Power stated that for this reason, it can serve the customer at significantly less cost than Grayson RECC can. Kentucky Power stated it would cost the potential customer approximately \$4,900 for Kentucky Power to extend its distribution facilities to provide service, whereas it would cost the customer approximately \$118,100 for Grayson RECC to extend facilities to the service address.³

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 within each area which retail electric supplier is to provide the retail electric service.⁴ No retail electric service supplier may furnish retail electric service in the certified territory of another retail electric supplier.⁵

KRS 278.018(6), however, allows a retail electric supplier to contract with another retail electric supplier, subject to Commission approval, "for the purpose of allocating territories and consumers between such retail electric suppliers and designating which territories and consumers are to be served by which of said retail electric suppliers."⁶ The

² Application at 3.

³ Application at 3.

⁴ KRS 278.016.

⁵ KRS 278.016.

⁶ KRS 278.018(6).

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.⁷

DISCUSSION

Having considered the evidence and reviewed the written agreement between Kentucky Power and Grayson RECC, the Commission finds that the agreement will promote the purposes of KRS 278.016. The extension of Kentucky Power's current service facilities to the customer is consistent with the orderly development of retail electric service, will not result in wasteful duplication, and will not unnecessarily encumber the landscape of the Commonwealth. Moreover, the agreement demonstrates that Kentucky Power will provide adequate, reliable, and reasonable service to the customer. The Commission finds based on the information presented, the expense to provide service will be lower to both the customer and Kentucky Power than it would be for Grayson RECC. In addition, Kentucky Power will be able to provide service within the normal, ordinary course of business.

IT IS THEREFORE ORDERED that:

1. The written agreement between Kentucky Power and Grayson RECC is hereby approved by the Commission.
2. This case is closed and removed from the Commission's docket.

⁷ KRS 278.018(6).

PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

ATTEST:


Executive Director 



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