

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
POWER COMPANY FOR APPROVAL OF AN)	
AGREEMENT WITH BIG SANDY RURAL)	
ELECTRIC COOPERATIVE CORPORATION)	CASE NO.
TRANSFERRING FOUR CUSTOMER ACCOUNTS)	2021-00334
CURRENTLY SERVED BY BIG SANDY RURAL)	
ELECTRIC COOPERATIVE CORPORATION IN)	
THE MEALLY AREA OF JOHNSON COUNTY,)	
KENTUCKY TO KENTUCKY POWER COMPANY)	

ORDER

On August 26, 2021, Kentucky Power Company (Kentucky Power) applied to the Commission, pursuant to KRS 278.018, for an order approving a written agreement (Agreement) between Kentucky Power and Big Sandy Rural Electric Cooperative Corporation (Big Sandy RECC) to transfer four customer accounts (Customers) from Big Sandy RECC to Kentucky Power. Kentucky Power requested in the alternative that the Commission issue an order pursuant to 807 KAR 5:001, Section 19 declaring that Commission approval is not required because the customers to be served are located within Kentucky Power's certified territory and that the agreement otherwise complies with those provisions of Kentucky law within the jurisdiction of the Commission.

BACKGROUND

The Customers in question are located on Preston Branch Road in the Meally area, east of Paintsville, Kentucky in Johnson County and have been served by Big Sandy RECC for over 20 years but are actually located within the certified territory of Kentucky

Power.¹ Neither Kentucky Power nor Big Sandy RECC were aware that the service locations for the four customer accounts were located in Kentucky Power's certified territory.² The electric service area boundary for this area is located on the edge of the certified territory maps for the Offutt and Paintsville quadrangles.

The Customers contacted Kentucky Power in early 2021 to obtain retail electric service from that utility. The Customers stated that their neighbors were served by Kentucky Power and their current retail electric service experiences from Big Sandy RECC were poor when compared to the service provided by Kentucky Power to their neighbors.³ Upon investigation the utilities discovered that the four customer accounts served by Big Sandy RECC were in fact within Kentucky Power's certified boundary.⁴

The utilities agreed to a transfer of the customer accounts from Big Sandy RECC to Kentucky Power. The written agreement attached to the application⁵ provides: (1) for the transfer of the four customer accounts from Big Sandy RECC to Kentucky Power; (2) for the sale by Big Sandy RECC and the purchase by Kentucky Power at net book value of \$48.97 of three distribution poles currently used by Big Sandy RECC to provide retail electric service to the Customers; and (3) that the Agreement is not intended to modify the boundary line between the certified territories of Kentucky Power and Big Sandy RECC, or to authorize Kentucky Power to provide retail electric service to customers

¹ Application at 2.

² Application at 2.

³ Kentucky Power's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Oct. 18, 2021), Item 1.

⁴ Application at 2.

⁵ Application, Exhibit 2.

located in Big Sandy RECC's certified territory. Along with the written agreement the customers also provided written consent to taking retail electric service from Kentucky Power.⁶

Kentucky Power states that it will make extensions to its existing distribution system to provide service to the Customers at no cost to them.⁷ The longest extension will be less than 1,000 feet and thus can be made in conformity with 807 KAR 5:041, Section 10.⁸ Kentucky Power asserts that the extension will not create wasteful duplication, will not conflict with the existing certificates of other utilities operating in the same area, and will not involve sufficient capital outlay to materially affect the existing financial condition of Kentucky Power, or result in increased charges to Kentucky Power's customers.⁹

The estimated costs associated with extending Kentucky Power's current distribution lines to serve these customers is \$24,948.87¹⁰ and it is estimated to take approximately 10-12 weeks upon gaining approval from the Commission for Kentucky Power to begin providing service.¹¹ Until the line extension is finished the Customers will

⁶ Application, Exhibit B.

⁷ Application, Exhibit B.

⁸ Application at 3–4.

⁹ Application at 3.

¹⁰ Kentucky Power's Response to Commission Staff's Second Data Request for Information (Staff's Second Request) (filed Nov. 23, 2021), Item 2a.

¹¹ Kentucky Power's Response to Commission Staff's First Request (filed Oct. 18, 2021), Item 5.

continue to receive retail electric service from Big Sandy RECC and once completed the Customers should only experience a four hour outage during the final transfer.¹²

LEGAL STANDARD

Commission regulation 807 KAR 5:001, Section 19 states:

The commission may, upon application by a person substantially affected, issue a declaratory order with respect to the jurisdiction of the commission, the applicability to a person, property, or state of facts of an order or administrative regulation of the commission or provision of KRS Chapter 278, or with respect to the meaning and scope of an order or administrative regulation of the commission or provision of KRS Chapter 278.

FINDINGS

The Commission finds that, pursuant to 807 KAR 5:001, Section 19, no approval of the written agreement is required as the Customers to be served are located within Kentucky Power's certified territory and the agreement otherwise complies with those provisions of Kentucky law within the jurisdiction of the Commission.

The Commission finds that the Customers' service locations lay within the certified territory of Kentucky Power. The Commission further finds that Kentucky Power will provide adequate, reliable, and reasonable service to the Customers. The Customers requested the change in utilities and consented in writing to the change. Kentucky Power will make extensions in the usual course of business of its existing distribution system in the area of Meally, Kentucky to provide service to the Customers. The Commission finds that the longest extension from Kentucky Power's existing distribution system is less than 1,000 feet, and thus the extensions can be made in conformity with 807 KAR 5:041,

¹² Kentucky Power's Response to Commission Staff's Second Request (filed Nov. 23, 2021), Item 2b.

Section 10 and Kentucky Power's terms and conditions of service at no cost to the Customers.

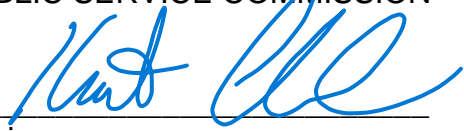
IT IS THEREFORE ORDERED that:

1. No approval of the written agreement is required as the Customers to be served are located within Kentucky Power's certified territory and the agreement otherwise complies with those provisions of Kentucky law within the jurisdiction of the Commission.

2. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION



Chairman

Vice Chairman

Commissioner



ATTEST:



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