

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
UTILITIES COMPANY FOR AUTHORIZATION OF)	CASE NO.
CHANGES IN SERVICE TERRITORY WITH)	2022-00287
SHELBY ENERGY COOPERATIVE, INC.)	

ORDER

On September 12, 2022, Kentucky Utilities Company (KU) filed an application, pursuant to KRS 278.018(6), for approval of an agreement with Shelby Energy Cooperative, Inc. (Shelby Energy) to change the utilities' certified territorial boundary in Simpsonville, Kentucky. No person requested intervention. This case is now before the Commission for a decision on the merits.

BACKGROUND

KU and Shelby Energy have agreed by contract to a territorial boundary change for numerous residential home parcels of land within the Discovery Point Residential Subdivision (Discovery Point), which is a new residential subdivision that is to be constructed in Simpsonville, Kentucky on property that spans across both KU's and Shelby Energy's service territories. When they learned of the planned development, KU's and Shelby Energy's engineering staffs together reviewed and studied the planned subdivision layout.¹ KU stated that the utilities' engineering staffs goal was to redraw the

¹ Application (filed Sept. 12, 2022) at 3.

certified service territory boundary line in order to efficiently and fairly align with the new property lines for the residential lots.²

Following the review by KU's and Shelby Energy's engineering staffs, KU and Shelby Energy agreed to the proposed certified service territory boundary line change, which will realign the utilities' boundary lines with new property lines for numerous residential home parcels of land within the new subdivision.³ The utilities stated that the proposed boundary line will allow both KU and Shelby Energy to extend their existing electrical distribution system in order to reliably serve the planned Discovery Point Residential Subdivision.⁴ The utilities asserted that the proposed certified service territory boundary line change will serve the purposes of KRS 278.016 by avoiding wasteful duplication of facilities, avoiding unnecessary encumbering of the landscape, and minimizing disputes between retail electric suppliers.⁵

KU provided a copy of the agreement which describes the requested change in certified territories. The agreement is signed and dated by representatives of KU and Shelby Energy.⁶ Also, KU has provided two maps, a quadrant map and a detailed site map, showing the proposed changes to the service territory. The quadrant map was signed and dated by KU on September 6, 2022, and by Shelby Energy on September 1,

² Application at 3.

³ Application, Exhibit 4, Discovery Point Site Map.

⁴ Application at 3, Exhibit 1.

⁵ Application, Exhibit 3.

⁶ Application, Exhibit 1, Agreement between KU and Shelby Energy.

2022. The detailed site map was signed and dated by KU on August 30, 2022, and by Shelby Energy on August 31, 2022.⁷

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.⁸ No retail electric service supplier may furnish

⁷ Application, Exhibit 3. The boundary change is on the site map of Simpsonville, KY, 1:24,000 United States Geological Survey, and is defined by the following points of latitude and longitude.

Point No.	Latitude	Longitude	Point No.	Latitude	Longitude
1	38.232856	-85.274666	17	38.228594	-85.275162
2	38.232726	-85.274153	18	38.228428	-85.275222
3	38.231659	-85.274542	19	38.228464	-85.275216
4	38.230616	-85.274537	20	38.228329	-85.275236
5	38.230068	-85.274235	21	38.228097	-85.275275
6	38.2297	-85.274347	22	38.227967	-85.27537
7	38.22935	-85.274132	23	38.227731	-85.275429
8	38.229131	-85.274531	24	38.227536	-85.275461
9	38.229083	-85.274619	25	38.227516	-85.275207
10	38.229022	-85.274714	26	38.227174	-85.275249
11	38.228957	-85.274803	27	38.227037	-85.275282
12	38.228892	-85.274893	28	38.22644	-85.27536
13	38.22882	-85.274976	29	38.226303	-85.275377
14	38.228749	-85.275059	30	38.225856	-85.275436
15	38.228701	-85.275114	31	38.226006	-85.276085
16	38.228773	-85.275031			

⁸ KRS 278.016.

retail electric service in the certified territory of another retail electric supplier.⁹ However, 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.¹⁰ 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.¹¹

DISCUSSION

The map provided by KU shows that portions of some residential lots in the proposed subdivision are in both utilities service territories, and it shows that the proposed changes are minor and result in the service territories being divided based on the boundary lines of the residential lots.¹² By reasonably dividing a previously undeveloped property by proposed residential lots, the agreement between KU and Shelby Energy to change their certified territorial boundary lines avoids wasteful duplication of facilities and unnecessary encumbering of the land. 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 manner in which they divided the previously undeveloped property is unlikely to lead to disputes. KU and

⁹ KRS 278.016.

¹⁰ KRS 278.018(6).

¹¹ KRS 278.018(6).

¹² See Application, Exhibit 4.

Shelby Energy also each have existing facilities in the area,¹³ and therefore, should be able to adequately and reasonably serve the lots assigned to them without wasteful duplication or unnecessarily encumbering any land. Thus, the Commission finds that the proposed territorial boundary changes promote the purposes of 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 KU and Shelby Energy are approved.
2. This case is closed and removed from the Commission's docket.

¹³ See Application, Exhibit 4.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner



ATTEST:


Executive Director

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