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Elizabeth O'Donnell
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
Frankfort, Kentucky 40602

RECEIVED

APR 25 2006

**PUBLIC SERVICE
COMMISSION**

Kentucky Utilities Company
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.eon-us.com

Kent W. Blake
Director
T 502-627-2573
F 502-217-2442
kent.blake@eon-us.com

April 25, 2006

**Re: Petition of Kentucky Utilities Company for Authority to Continue to
Serve as the Power Supplier for Wal-Mart Store Number 591 in
Cynthiana, Kentucky, Case No. 2006-06170**

Dear Ms. O'Donnell:

Enclosed please find an original and ten (10) copies of Kentucky Utilities
Company's Petition in the above-referenced docket.

Should you have any questions concerning the enclosed, please do not hesitate
to contact me.

Sincerely,

Kent Blake

cc: Daniel W. Brewer
John P. Colgan

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

APR 25 2006

PUBLIC SERVICE
COMMISSION

In the Matter of:

PETITION OF KENTUCKY UTILITIES)
COMPANY FOR AUTHORITY TO)
CONTINUE TO SERVE AS THE POWER)
SUPPLIER FOR WAL-MART STORE)
NUMBER 591 IN CYNTHIANA, KENTUCKY)

CASE NO. 2006-00170

* * * * *

**PETITION OF
KENTUCKY UTILITIES COMPANY**

In support of this Petition, Kentucky Utilities Company (“KU” or “Applicant”) respectfully states:

1. The full name and mailing address of the Applicant is: Kentucky Utilities Company c/o E.ON U.S. LLC, Post Office Box 32010, 220 West Main Street, Louisville, Kentucky 40232. KU is a Kentucky corporation authorized to do business in the Commonwealth of Kentucky.

2. KU is a utility engaged in the electric business. KU generates and purchases electricity, and distributes and sells electricity at retail in the following counties in Central, Northern, Southeastern and Western Kentucky:

Adair	Edmonson	Jessamine	Ohio
Anderson	Estill	Knox	Oldham
Ballard	Fayette	Larue	Owen
Barren	Fleming	Laurel	Pendleton
Bath	Franklin	Lee	Pulaski
Bell	Fulton	Lincoln	Robertson

Bourbon	Gallatin	Livingston	Rockcastle
Boyle	Gerrard	Lyon	Rowan
Bracken	Grant	Madison	Russell
Bullitt	Grayson	Marion	Scott
Caldwell	Green	Mason	Shelby
Campbell	Hardin	McCracken	Spencer
Carlisle	Harlan	McCreary	Taylor
Carroll	Harrison	McLean	Trimble
Casey	Hart	Mercer	Union
Christian	Henderson	Montgomery	Washington
Clark	Henry	Muhlenberg	Webster
Clay	Hickman	Nelson	Whitley
Crittenden	Hopkins	Nicholas	Woodford
Daviess			

3. A certified copy of KU's Articles of Incorporation, as amended, are on file with the Commission in Case No. 2005-00471, *In the Matter of: Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Authority to Transfer Functional Control of their Transmission System.*

4. Copies of all orders, pleadings and other communications related to this proceeding should be directed to:

J. Gregory Cornett
 Stoll Keenon Ogden PLLC
 500 W. Jefferson Street, Suite 1700
 Louisville, Kentucky 40202
 (502) 560-4210

Elizabeth L. Cocanougher
 Senior Corporate Attorney
 E.ON U.S. LLC
 220 West Main Street
 Louisville, KY 40202
 (502) 627-4850

Allyson K. Sturgeon
 Attorney for E.ON U.S. LLC
 220 West Main Street
 Louisville, Kentucky 40202
 (502) 627-2088

F. Howard Bush, II
Manager, Tariffs/Special Contracts
Kentucky Utilities Company
c/o E.ON U.S. LLC
220 West Main Street
Louisville, Kentucky 40202
(502) 627-4136

5. KU has provided electric service to Wal-Mart Stores, Inc. ("Wal-Mart") Store Number 591 at its location on US 27 South in Cynthiana, Kentucky since August, 1984. That existing store is located exclusively within the territory certified to KU by this Commission.

6. Wal-Mart is planning to expand its operations in Cynthiana by constructing a SuperCenter at the same address in Cynthiana, Kentucky directly behind its existing store. The SuperCenter will replace the existing store and will continue to be referred to as Store Number 591. The Wal-Mart SuperCenter will be located approximately 200 feet from the existing Wal-Mart store, and the existing store will be demolished following construction of the SuperCenter. The location of the existing store will constitute part of the parking lot for the SuperCenter, which parking lot will contain lights. The SuperCenter is expected to open during the second half of 2006. A map depicting the expected location of the proposed Wal-Mart SuperCenter is attached hereto as Exhibit A. The existing Wal-Mart is presently located in the area designated as a parking lot and proposed fueling station on Exhibit A.

7. During the Spring of 2005, KU received verbal requests from Wal-Mart to provide electric service to its SuperCenter. On August 17, 2005, Wal-Mart sent a written request to receive electric service from KU. Within the last few months, KU has been informed that specifications for the proposed SuperCenter have gone out to contractors

for bids. Once ground is broken on the facility, it is expected that electric service will be required within approximately eight weeks. KU is ready, willing, and able to provide such service pursuant to its applicable tariff rate and standard contract terms. KU has had a number of discussions with the other retail electric supplier in the area, Blue Grass Energy Cooperative Corp. (“Blue Grass”), and understands that Blue Grass may contest the right of KU to provide retail electric service to the expanded operations at the Wal-Mart SuperCenter, because the SuperCenter will be located partially in territory certified to Blue Grass under KRS Chapter 278.

8. The certified territorial boundary line between KU and Blue Grass bisects the physical location of the SuperCenter. Blue Grass is a Kentucky rural electric cooperative corporation with a mailing address of P.O. Box 990, Nicholasville, Kentucky 40340-0990. The existing Blue Grass entity was formed in 2002 as the result of a consolidation of Harrison County Rural Electric Cooperative (“Harrison County RECC”) and Blue Grass Energy Cooperative. A copy of a map showing the territorial boundary lines between KU and Harrison County RECC (now known as Blue Grass) in the NE/4 Cynthiana Quadrangle is attached hereto as Exhibit B.

9. KU and Blue Grass are both retail electric suppliers as defined under KRS 278.010(4).

10. The existing Wal-Mart store and the proposed SuperCenter have received and will receive power from KU’s Kawneer 12 kv substation (Circuit 856). As a result, the Wal-Mart SuperCenter will utilize electric energy from the same KU central station source as the existing Wal-Mart Store.

11. For all of the aforesaid reasons, the Wal-Mart SuperCenter is merely an expansion of existing operations and should not be considered a new “electric-consuming facility” as defined in KRS 278.010(8). Service to the existing facility was allocated to KU by virtue of the mapping and certification of KU’s territory to include its existing distribution lines on the site pursuant to KRS 278.017, and there is no reason, under the facts of this case, that an expansion of those operations, into an area partially in the service territory of another utility, should result in a removal of this customer from KU’s system. As a result, KU should be allowed to continue providing electric service to Wal-Mart in its expanded SuperCenter.

12. In the alternative, if the Commission determines that this case involves the location of a new electric-consuming facility in the adjacent certified territories of KU and Blue Grass, KU should still be entitled to serve the Wal-Mart SuperCenter.

13. Pursuant to KRS 278.018(1), in the event that a new electric-consuming facility is located in two or more adjacent certified territories, the Commission must determine which retail electric supplier has the right to serve the facility based upon the following criteria:

- (a) The proximity of existing distribution lines to such certified territory.
- (b) Which supplier was first furnishing retail electric service, and the age of existing facilities in the area.

- (c) The adequacy and dependability of existing distribution lines to provide dependable, high quality retail electric service at reasonable costs.
- (d) The elimination and prevention of duplication of electric lines and facilities supplying such territory.

14. The proximity of existing distribution lines to such certified territory. KU has an existing overhead three-phase electric line that is currently providing service to the existing Wal-Mart store and to other customers. That line is immediately adjacent to the existing Wal-Mart store and to the lot on which the SuperCenter will be located. Blue Grass also has an existing three-phase line nearby, which is not immediately adjacent to the existing store but, on information and belief, does touch on or near the corner of the lot on which the SuperCenter will be located.

15. Which supplier was first furnishing retail electric service, and the age of existing facilities in the area. KU is the supplier which first furnished retail electric service on the site, having provided electric service to a barn on the original farm where the existing and proposed Wal-Mart is and will be located since at least 1946. KU's existing distribution line, adjacent to the Wal-Mart store and the location of the SuperCenter, (along the north side of the property on Ladish Road) was built during the 1970s. In addition, KU has provided electric service to Wal-Mart at its existing location since it was built in August of 1984. Based upon existing information available to KU, Blue Grass did not have a distribution line in the area until about 1970, when a line was constructed as a tie circuit between its 3M Substation and the Connorsville Substation, and has never provided any service to the site of the existing Wal-Mart or of the proposed

SuperCenter. Exhibit A shows the location of these properties and facilities, as well as the approximate location of the boundary between the certified territories of KU and Blue Grass.

16. The adequacy and dependability of existing distribution lines to provide dependable, high quality retail electric service at reasonable costs. With a short extension to connect to the SuperCenter, KU's existing line on the site is adequate to provide dependable, high quality retail electric service to the Wal-Mart SuperCenter at reasonable costs. There would be no cost to Wal-Mart to connect KU's electric service to the SuperCenter. KU's cost to connect is expected to be approximately \$15,000.00 (90 percent of which is the cost of a 1500 kva padmount transformer). On information and belief, Blue Grass would also have to extend its existing three-phase line in the area to serve the SuperCenter. KU has no information on the expected cost for Blue Grass to be in a position to serve this customer.

17. The elimination and prevention of duplication of electric lines and facilities supplying such territory. As noted above, both KU and Blue Grass would have to make extensions of their existing systems to provide service to the SuperCenter. Thus, the consideration of the elimination and prevention of duplication of facilities does not appear to favor either utility.

18. Based upon the statutory criteria set forth in KRS 278.017(3), KU believes that it should be entitled to serve the Wal-Mart SuperCenter. KU was first to serve in the general vicinity and, in fact, to the existing Wal-Mart store, and was the first to have electric facilities in the area. In addition, KU's existing distribution line can provide adequate, dependable service at a reasonable cost. There will be no cost to Wal-Mart to

connect to KU, and the distance to extend KU's line is relatively minimal and will not result in any waste of materials or natural resources, or wasteful duplication of facilities.

19. In addition to the above factors, this Commission has previously recognized its "authority to consider each supplier's ability to provide 'dependable, high quality retail electric service at reasonable costs,'" and has noted that these costs include not only the cost of the service connection, but also an analysis of each utility's electric rates. *In the Matter of: Inter-County Rural Electric Cooperative Corporation v. Kentucky Utilities Company*, Case No. 95-326, Order of March 14, 1996, page 8. Should the Commission find that KU does not have a clear advantage over Blue Grass in providing service to the SuperCenter based upon the four criteria described above, it is "appropriate and necessary to recognize that service by KU will result in a lower cost to" Wal-Mart. *Id.* at p. 9. Based upon Wal-Mart's projected electric consumption and available electric rates, KU believes that Wal-Mart would save approximately 21% or more by receiving electric service from KU, when compared to service from Blue Grass under its filed tariffs.

WHEREFORE, Kentucky Utilities Company respectfully requests that:

- (1) The Commission find that the Wal-Mart SuperCenter is not a new electric-consuming facility and that KU is entitled to serve the location of Wal-Mart's expanded Store Number 591 in Cynthiana; or
- (2) In the alternative, should the Commission find that the Wal-Mart SuperCenter is a new electric-consuming facility as defined in KRS 278.010(8), that the Commission find that KU is nonetheless entitled to continue to serve the location of Wal-Mart's expanded Store Number 591

in Cynthiana, Kentucky, pursuant to the criteria set out in KRS 278.017(3);

- (3) The Commission amend the territorial boundary between KU and Blue Grass to recognize that KU has the right to serve the location of the expanded Wal-Mart Store Number 591 in Cynthiana; and
- (4) The Commission grant KU such other relief as it may be entitled.

Dated at Louisville, Kentucky, this 25th day of April, 2006.

KENTUCKY UTILITIES COMPANY



J. Gregory Cornett
Stoll Keenon Ogden PLLC
500 W. Jefferson Street, Suite 1700
Louisville, Kentucky 40202
(502) 560-4210

Elizabeth L. Cocanougher
Senior Corporate Attorney
E.ON U.S. LLC
220 West Main Street
Louisville, KY 40202
(502) 627-4850

Allyson K. Sturgeon
Attorney for E.ON U.S. LLC
220 West Main Street
Louisville, Kentucky 40202
(502) 627-2088

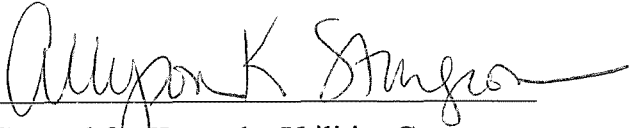
Counsel for Kentucky Utilities Company

CERTIFICATE OF SERVICE

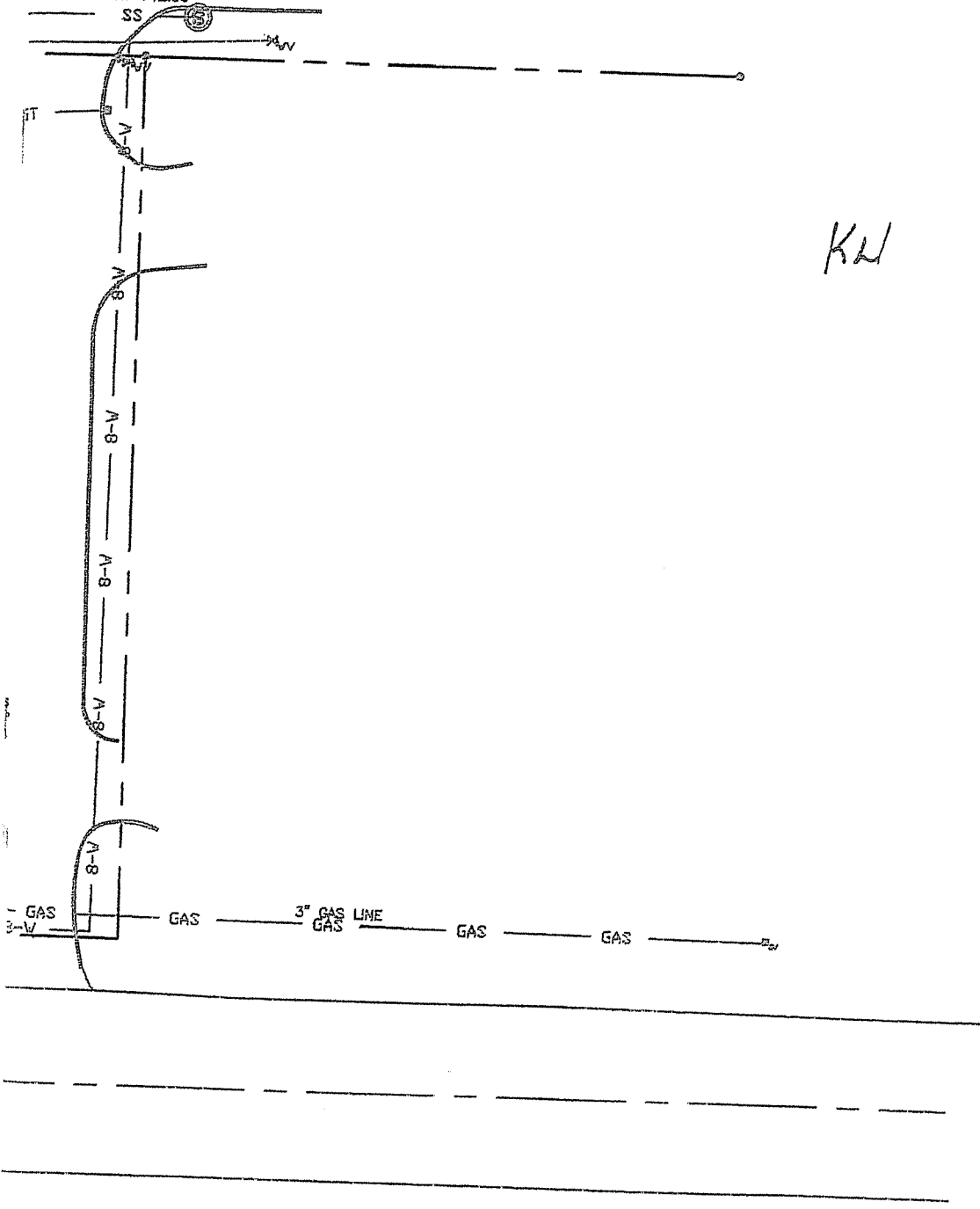
I hereby certify that a true copy of the foregoing was served via U. S. Mail, First-Class, postage prepaid, this 25th day of April, 2006.

Daniel W. Brewer
President and CEO
Blue Grass Energy Cooperative Corp.
P.O. Box 990
1201 Lexington Road
Nicholasville, Kentucky 40340-0990

John P. Colgan
Energy Rates Analyst
Energy Management Division
Wal-Mart Stores, Inc.
2001 S.E. 10th Street
Bentonville, AR 72716-0550

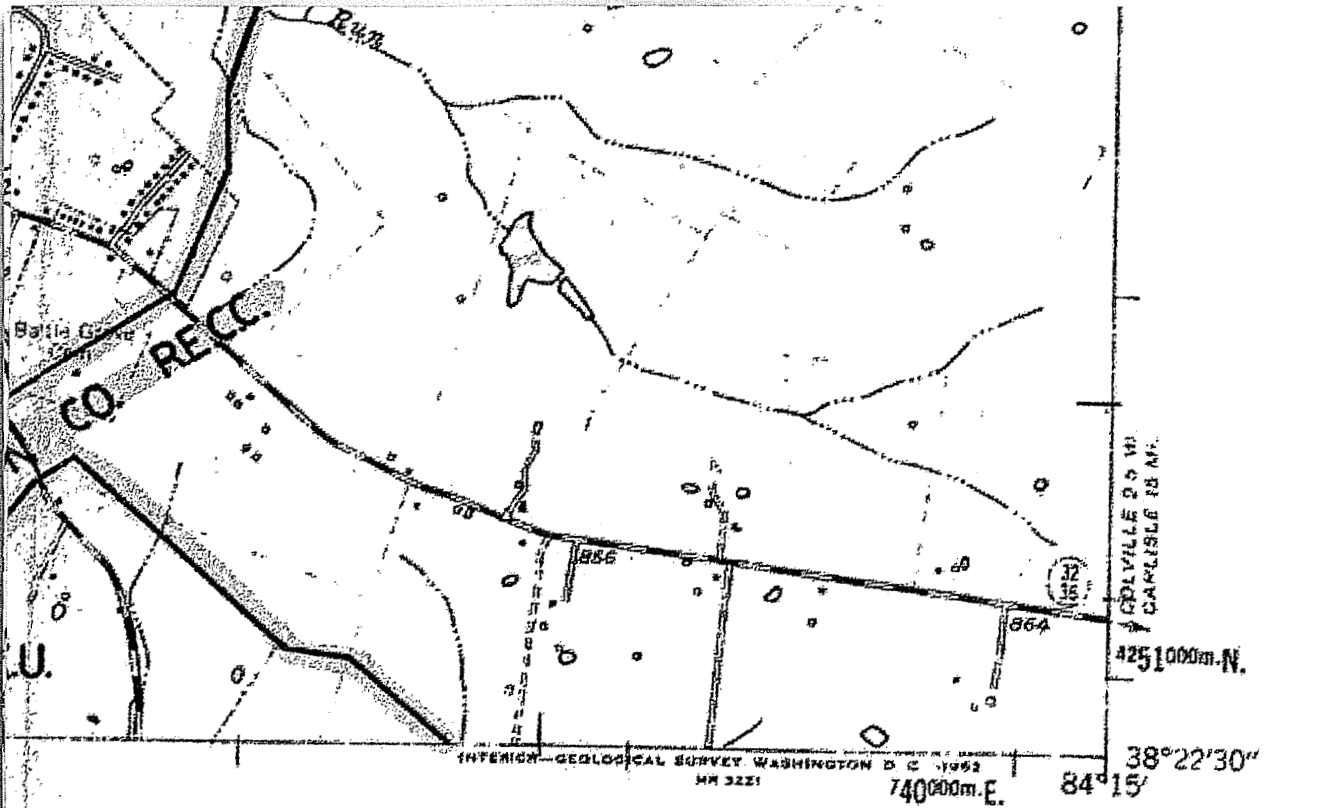

Counsel for Kentucky Utilities Company

SANITARY MH
RIM 718.55
INV 712.90



KW

EXHIBIT A



ROAD CLASSIFICATION

- | | | | |
|-------------|--|-----------------|--|
| Heavy-duty | | Light-duty | |
| Medium-duty | | Unimproved dirt | |
| U. S. Route | | State Route | |

USKY
LOCATION

CYNTHIANA, KY.

NE/4 CYNTHIANA 15' QUADRANGLE
N3822.5—W8415/7.5

1961

EXHIBIT B