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JUL 26 2019

PUBLIC SERVICE
COMMISSION



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Alan Q. Zaring
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By Appointment Only:
600 Main Street
Shelbyville, KY 40065
502.647.1675
Fax 502.845.8006

July 24, 2019

Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RE: Application for Territory Change

Dear Sir or Madam:

Enclosed is an original and 10 copies of an Application for Territory Change on behalf of Shelby Energy Cooperative, Inc. Two oversized maps, plus a regular size one, are also enclosed. I can send digital versions of the maps as well, if you would like. You may e-mail me at chasidy@zsfirm.com to request those.

If you have any questions, or need additional information, please let me know.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'Chasidy D. Bastin', written over a horizontal line.

Chasidy D. Bastin
Paralegal

Enc.

cc: Shelby Energy

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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of:

APPLICATION OF SHELBY ENERGY COOPERATIVE, INC.
FOR AUTHORIZATION OF CHANGES IN SERVICE
TERRITORY WITH BLUE GRASS ENERGY COOPERATIVE CORPORATION

APPLICATION

Shelby Energy Cooperative, Inc. ("Shelby Energy") pursuant to KRS 278.018(6), 807 KAR 5:001 Section 14, and 807 KAR 5:001, Section 22, hereby applies for approval of changes in its certified service territory as agreed with Blue Grass Energy Cooperative Corporation (hereinafter "Bluegrass Energy.")

1. The full name and business address of Shelby Energy are: Shelby Energy Cooperative, Inc., 620 Old Finchville Road, Shelbyville, Kentucky, 40065.

2. Shelby Energy was incorporated in Kentucky on June 14, 1937, and is in good standing.

3. Shelby Energy is a public utility, as defined in KRS 278.010(3)(a) engaged in the electric, gas and other energy business. Shelby Energy generates and purchases electricity and natural gas, and distributes and sells it at retail in Henry, Shelby and Trimble Counties in Kentucky.

4. Blue Grass Energy is also a public utility, as defined in KRS 278.010(3)(a), and is engaged in activities similar to those of Shelby Energy throughout Central Kentucky, including

Anderson County. The full name and address are Blue Grass Energy Cooperative, 1200 Versailles Road, Lawrenceburg, Kentucky, 40342-0150.

5. Description of Changes in Service Territory: As explained in this application and the attached exhibits, Shelby Energy and Blue Grass Energy have individually agreed to the requested territorial change, which clarifies the territorial boundaries along Samples Lane in Shelby County, Kentucky. It was recently discovered that, although the area in question is currently within the service territory of Shelby Energy, five members within this territory are currently being served by Blue Grass Energy.

6. The requested change will serve the purposes of KRS 278.017(3) in that Blue Grass Energy currently services five members of this area and has agreed to continue to service those members, as well as any other new members in the defined area that may require service in the future; that Blue Grass Energy has confirmed those facilities are adequate and capable of providing dependable, high quality service to this area, both current and future; and that Blue Grass Energy's service to this parcel will avoid unnecessary duplication of distribution facilities.

7. An Agreement for Territory Change was executed by and between Randy Stevens, Senior Vice President of Power Delivery, on behalf of Shelby Energy; and Greg Harrington, Vice President for Engineering Operations/COO, on behalf of Blue Grass Energy, on May 23, 2019. Both Mr. Stevens and Mr. Harrington have authority to act on behalf of their respective Cooperatives to enter into such an agreement and to bind the Cooperatives to the conditions contained in the Agreement. A copy of this Agreement is attached as Exhibit "1."

8. All members affected by this territory change have been identified by Shelby Energy using duly recorded Deeds of record in the Shelby County Public Valuation Administration's

Office. Notice of the proposed change was hand-delivered to all such members, a copy of which is attached as Exhibit "2."

9. None of the current members within the proposed territory change area will have a change in service or their monthly bills. The members in question are already been serviced by Blue Grass Energy and will continue to do so.

10. There will be no costs incurred to Blue Grass Energy as a result of this request for territory change. Blue Grass Energy is currently providing electrical service to all members within the proposed territory change area. Shelby Energy has not calculated the exact costs for them to provide service to this area, but initial evaluations of this project indicate a substantial financial hardship, as they do not currently serve the area in question. The distance, terrain and vegetation would render an attempt to do so unfeasible, financially and otherwise.

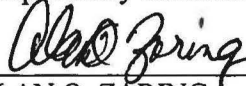
11. The proposed territory change will not require any new or amended franchises or permits.

12. The amended certified service territory boundary lines that have been agreed to are illustrated on the accompanying map (Exhibit "3"). Said map includes coordinates accurate within three meters, for at least four points (marked "A," "B," "C," and "D," and marked with GPS coordinates). on the territorial line, and includes the beginning and ending points of the change. It has been signed by entities of both Cooperatives and clearly identifies the area to be transferred from Shelby Energy to Blue Grass Energy.

WHEREFORE, Shelby Energy respectfully requests, pursuant to KRS 279.018, that the Commission enter an Order approving this territorial change and the agreement between Shelby Energy and Blue Grass Energy.

Dated: July __, 2019

Respectfully submitted,



ALAN Q. ZARING
ATTORNEY FOR SHELBY ENERGY COOPERATIVE, INC.
ZARING & SULLIVAN LAW OFFICE, PSC
P O BOX 226
NEW CASTLE, KY 40050
(502) 845-2222
alan.zaring@zsfirm.com

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Application was mailed to the following on the 25 day of July, 2019, U.S. mail, postage prepaid:

Mr. Greg Harrington
Vice President, Engineering & Operations/COO
1201 Lexington Road
Nicholasville, KY 40340

Hon. Howard Downing
109 South First Street
Nicholasville, KY 40356



ALAN Q. ZARING
ATTORNEY FOR SHELBY ENERGY COOPERATIVE, INC.
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alan.zaring@zsfirm.com

AGREEMENT FOR TERRITORY CHANGE

THIS AGREEMENT is made between Blue Grass Energy Cooperative (hereinafter "Blue Grass Energy"), parties of the first part, and the Shelby Energy Cooperative, Inc., (hereinafter "Shelby Energy"), parties of the second part:

WHEREAS, both parties have recently discovered that an area along Samples Lane, as set forth in the attached Exhibit "A," within the service territory of Shelby Energy is currently, and has been, serviced by Blue Grass Energy; and

WHEREAS, Blue Grass Energy desires to continue to service those five (5) members that are located within the service territory of Shelby Energy; and

WHEREAS, Shelby Energy has determined that it would create a financial and logistical hardship to service the customers within their service territory that are currently being serviced by Blue Grass Energy and, therefore, a change of service territory would be the most appropriate solution; and

WHEREAS, Blue Grass Energy agrees to service the area in question, providing utilities to both the current members, as well as any future members within the territory, and is best suited to provide dependable, high quality service to this area; and

WHEREAS, Blue Grass Energy's continued service to this parcel will avoid unnecessary duplication of distribution services;

IT IS HEREBY AGREED AS FOLLOWS:

1. Blue Grass Energy may continue to and hereinafter provide service to the area in question, as identified on the attached Exhibit "1," both to current members and future members.
2. Shelby Energy and Blue Grass Energy agree to amend the certified service territory boundary to said property to reflect this agreement.
3. This agreement does not affect any other certified service territories of either Shelby Electric or Blue Grass Energy.
4. This agreement shall go into full force and effect upon order of Public Service Commission approving same.



SHELBY ENERGY COOPERATIVE, INC.

By: Randy K. Stevens
Randy K. Stevens
Senior V.P. Power Delivery

Date: 5-23-19

BLUE GRASS ENERGY

By: Greg Harrington
Greg Harrington
V.P. Engineering Operations/COO

Date: 5-23-19



NOTICE OF TERRITORY—SAMPLES LANE

Recently, Shelby Energy became aware through a request for electric services that Samples Lane was, technically, in its service territory as described in the territory map. Upon further investigation, it became apparent that Bluegrass Energy was serving several customers along Samples Lane and should have the right to continue, as well as delivery electric service for any new requests. It is, by far, more economical for Bluegrass Energy to have this territory than for Shelby Energy to construct new line to deliver service to the area.

With the situation in mind, Shelby Energy is submitting a request to the Kentucky Public Service Commission along with Bluegrass Energy to change the territory map to accurately reflect Samples Lane and the area around it to be in the official territory of Bluegrass Energy. We view this change to be a correction of the map to show the long-standing practice of Bluegrass Energy delivering electric service to their members along Samples Lane.

Shelby Energy wanted to make you aware and give courtesy notice of the territory change as you are an electric consumer in the effected territory.



COORDINATES

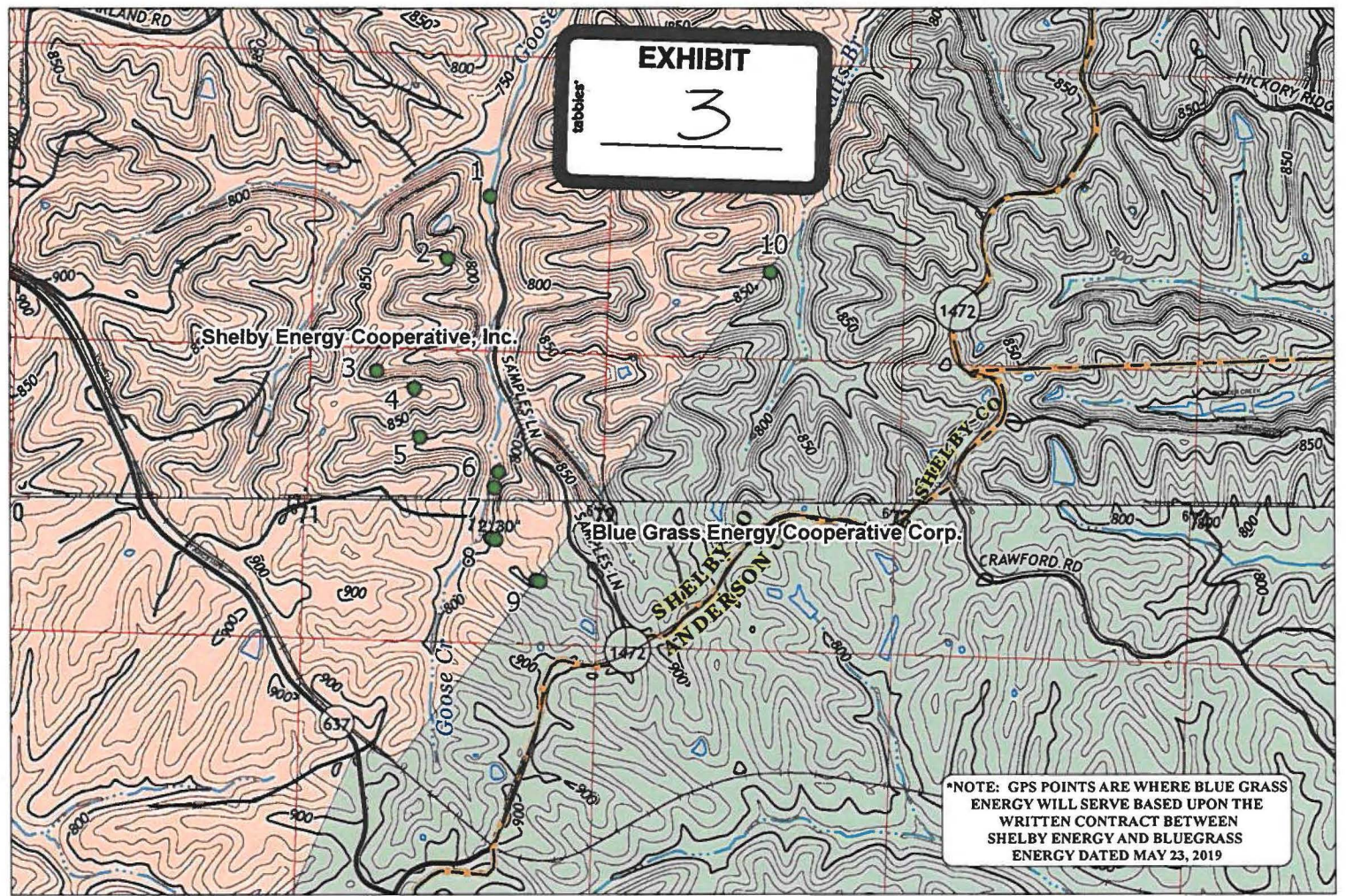
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- 4: -85.045053, 38.128299
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Credits:

- KY DOT
- Shelby County PVA
- Shelby Energy Cooperative
- USGS

COOPERATIVE SERVICE AREAS

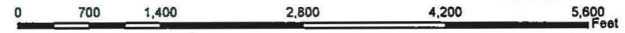
- Blue Grass Energy Cooperative Corp.
- Shelby Energy Cooperative, Inc.
- Roads



**Sample Ln
Territory Map Amendment**
Shelby Energy Cooperative release to Blue Grass Energy



A Touchstone Energy Cooperative



Date: 6-23-2019
Drawn By: Brian Richardson
Shelby Energy Representative:
Blue Grass Energy Representative:

Filing
CONTAINS
LARGE OR OVERSIZED
MAP(S)

RECEIVED ON:
(07/26/2019)