

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)	2024-00327
INTER-COUNTY ENERGY COOPERATIVE)	
CORPORATION)	

ORDER

Kentucky Utilities Company (KU) has applied to the Commission pursuant to KRS 278.018(6) for an Order approving a written agreement between KU and Inter-County Energy Cooperative Corporation (Inter-County Energy) for changes in the certified territories of KU and Inter-County Energy. No parties have sought to intervene in this matter. This matter is now before the Commission for a decision on the merits.

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.¹ No retail electric service supplier may

¹ KRS 278.016.

furnish retail electric service in the certified territory of another retail electric supplier.² However, pursuant to KRS 278.018(6), 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. 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.³

DISCUSSION

KU and Inter-County Energy have individually agreed to the requested territorial changes, which consists of Inter-County Energy transferring a tract to KU and KU transferring a tract to Inter-County Energy. The first tract includes new rick house storage buildings to be constructed by an existing distillery at 450 Southern Soul Way in Lancaster, Kentucky (Quadrant Map 30-G-2). The second tract includes existing residential subdivision homes, a mobile home park and a Sonic restaurant located in Stanford, Kentucky.⁴

When the utilities learned of the distillery's plan to construct new rick house storage buildings in Lancaster, Kentucky, their respective engineering staff reviewed and studied the planned expansion to determine which utility was best situated to serve the facilities. KU currently serves the distillery constructing the new rick houses and has distribution

² KRS 278.016.

³ KRS 278.018(6).

⁴ Application at 3.

facilities in the area, but the new rick houses will be located on land that is currently in Inter-County Energy's service territory, near the boundary line with KU's territory. Because KU currently provides electric service to the distillery's other facilities and has existing distribution facilities in the area, KU and Inter-County Energy agreed to redraw the boundary to allow KU to extend its electric service to the new rick houses. KU asserted that "the two utilities agreed to redraw the certified service territory boundary line in order to efficiently and to fairly align with the property lines," "[a]s is normal protocol in situations where a new development spans across multiple utilities' service territories."⁵

With respect to the second tract, KU stated that when reviewing maps of the area that KU and Inter-County Energy determined that certain parcels on the Commission's certified Quadrant Map 30-G-3, do not reflect the reality of which utility is currently serving certain lots in two main areas off of U.S. Highway 27 in Stanford, Kentucky. Specifically, Inter-County Energy has been serving these properties for over ten years, and has existing distribution facilities in the area, although the Quadrant Map shows the properties in KU's certified territory. KU indicated its belief that this error likely arose prior to the use of the current GPS coordinate system that is in widespread use today. KU and Inter-County Energy seek to rectify the error by agreeing to move the official boundary line to match the existing property lines served by Inter-County Energy. No customers will change providers but rather maps will be changed to reflect the providers currently providing service to those properties.⁶

⁵ Application at 3.


⁶ Application at 4.

Having considered the record and being otherwise sufficiently advised, the Commission finds that the agreement between KU and Inter-County Energy will promote the purposes of KRS 278.016. The extension of KU's current service to the first tract to serve new facilities of a current KU customer in that area and changes to the certified territories to reflect Inter-County Energy's current service of properties in the second tract are 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, given each utilities' current facilities in the area and current service of the customers at issue, the evidence indicates and the Commission finds that KU and Inter-County Energy will both be able to provide adequate, reliable, and reasonable service to all affected areas and customers. Thus, the Commission finds that the agreement between KU and Inter-County Energy should be approved.

IT IS THEREFORE ORDERED that:

1. The boundary changes agreed upon by KU and Inter-County Energy are approved.
2. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner

ATTEST:


Executive Director



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