

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

VERIFIED ELECTRONIC APPLICATION)	
OF KENTUCKY UTILITIES COMPANY)	
FOR APPROVAL OF THE TRANSFER OF)	
SUBSTATION FACILITIES TO THE CITY)	CASE NO. 2020-00210
OF MADISONVILLE, KENTUCKY)	

VERIFIED ELECTRONIC APPLICATION

Kentucky Utilities Company (“KU” or the “Company”) respectfully petitions the Kentucky Public Service Commission (“Commission”) by verified application pursuant to KRS 278.218, 807 KAR 5:001 §8, and any and all other applicable statutes and regulations, to issue an order approving the transfer of certain substation facilities to the City of Madisonville, Kentucky (“Madisonville”). In support of this Application, KU states as follows:

1. Applicant’s full name and business address are: Kentucky Utilities Company, One Quality Street, Lexington, Kentucky 40507. KU’s mailing address is Kentucky Utilities Company c/o Louisville Gas and Electric Company, 220 West Main Street, Post Office Box 32010, Louisville, Kentucky 40202.
2. The Company may be reached by electronic mail at the electronic mail addresses of its counsel set forth below.
3. KU is incorporated in the Commonwealth of Kentucky and the Commonwealth of Virginia. KU attests that it is in good corporate standing in both states. KU was incorporated in Kentucky on August 17, 1912, and in Virginia on November 26, 1991.

4. KU is a public utility, as defined in KRS 278.010(3)(a), 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	Garrard	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			

5. KU is wholly owned by LG&E and KU Energy LLC, a first tier wholly-owned subsidiary of PPL.

6. Pursuant to KRS 278.380, the Companies waive any right to service of Commission orders by mail for purposes of this proceeding only. Copies of all orders, pleadings and other communications related to this proceeding should be directed to:

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7. KRS 278.218 requires prior approval for transfers of electric utility assets if the assets have an original book value of \$1,000,000 or more and are being transferred for reasons other than obsolescence or will continue to be used to provide the same or similar service to the utility or its customers. The Commission is required to grant approval if the transfer is for a proper purpose and consistent with the public interest.

8. On May 1, 2019, Madisonville became a Transmission-service only customer of KU, through its participation in Kentucky Municipal Electric Agency (“KYMEA”). Prior to that time, Madisonville was a full requirements wholesale customer of the Company. KU has assets in six substations in Madisonville that support the city-owned and -operated distribution system. Specifically, the assets include power transformers, structures, switches and associated equipment at KU’s North, East, General Electric, West, Hospital, and McCoy substations (the “Assets”). The Assets are currently owned by KU on land owned by Madisonville and paid for through a direct

assignment charge to Madisonville. The original book value (OBV) for each of the assets is identified below:

ASSET	OBV
13 Poles	\$ 15,231.89
Madisonville East	242,656.01
Madisonville GE	327,594.30
Madisonville Hospital	191,479.42
Madisonville North	26,574.18
Madisonville West	255,936.92
McCoy Avenue	182,092.24
TOTAL	\$ 1,241,564.96

9. Madisonville has made an offer to purchase the Assets from KU for \$900,000. It is believed by KU and Madisonville that the sale/purchase of the Assets is in the best interest of both entities.

10. KU has determined that the asset transfers constitute the sale of an operating system. Per electric plant instruction no. 5 of the Federal Energy Regulatory Commission Uniform System of Accounts (FERC USofA), KU will credit the book cost of the property sold to the appropriate plant accounts and make contra entries to account 102-Electric Plant Purchased or Sold. The following journal entries will be recorded at the time of the sale:

Debit Account 131-Cash

Credit Account 102-Electric Plant Purchased or Sold

Record the net proceeds received from sale.

Debit Account 102-Electric Plant Purchased or Sold

Credit Account 101-Electric Plant in Service

Reduce plant in service for the original cost.

Debit Account 108-Accumulated Provision for Depreciation

Credit Account 102-Electric Plant Purchased or Sold

Reduce accumulated provision for depreciation.

Further, as required by the FERC USofA, KU will file with FERC the proposed journal entry to clear the amounts from account 102-Electric Plant Purchased or Sold within six months from the date that KU records the sale. The following entry will be recorded upon approval of the proposed accounting from FERC:

Debit Account 102-Electric Plant Purchased or Sold

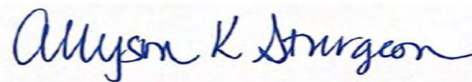
Credit Account 421.1-Gain on Disposition of Electric Plant

Record the difference between the net proceeds and the net book value.

WHEREFORE, Kentucky Utilities Company respectfully asks the Commission to issue an Order by December 1, 2020, approving the substation asset transfers as described above and finding that such transfers are for a proper purpose and consistent with the public interest, and should therefore be approved pursuant to KRS 278.218.

Dated: July 2, 2020

Respectfully submitted,



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