

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
KENTUCKY UTILITIES COMPANY)	
FOR AUTHORITY TO TRANSFER THE)	CASE NO. 2024-00198
FORMER MIDDLESBORO BUSINESS)	
OFFICE PURSUANT TO KRS 278.218)	

VERIFIED APPLICATION

Kentucky Utilities Company (“KU” or “Company”) respectfully petitions the Kentucky Public Service Commission (“Commission”) by verified application pursuant to KRS 278.218 and 807 KAR 5:001 Section 8 to issue an order authorizing KU to sell to a prospective third-party buyer KU’s assets located at 2201 West Cumberland Avenue, Middlesboro, Kentucky 40965, which include a 0.16-acre parcel of land, an 8,400 square-foot, two-story office building, and a parking lot (collectively, “Middlesboro Business Office”). (A copy of the current Middlesboro Business Office deed is attached hereto as Application Exhibit 1.) In support of this Application, KU states as follows:

1. KU’s full name and business address are Kentucky Utilities Company, One Quality Street, Lexington, Kentucky 40507. KU’s mailing address is Kentucky Utilities 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 was incorporated in the Commonwealth of Kentucky on August 17, 1912, and attests that it is in good corporate standing.

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 it 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 subsidiary of PPL Corporation.

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

Robert M. Conroy, Vice President, State Regulation and Rates
Kentucky Utilities Company
220 West Main Street
Louisville, Kentucky 40202
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Allyson K. Sturgeon, Vice President & Deputy General Counsel
Sara V. Judd, Senior Counsel
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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. In late 2022, KU and Louisville Gas and Electric Company (“LG&E”) announced to customers that they planned to close all business offices due to a decline in walk-in transactions, increased customer use of self-service channels, and best practice among similar utilities.¹ KU and LG&E completed closing all business offices as of June 14, 2024.²

9. The Company’s former Middlesboro Business Office permanently ceased public operations on May 31, 2024. KU intends to vacate the property no later than September 1, 2024.

10. The original book value of the Middlesboro Business Office is \$1,407,783.

11. KU does not intend to use the former Middlesboro Business Office in future business operations, and it will no longer be used by or useful to KU once it is vacated. Nonetheless, the Middlesboro Business Office is not obsolete for purposes of KRS 278.218(1)(a) because the property is capable of being used by another entity.³ Indeed, KU currently leases part

¹ *All Company Business Offices to Close by End of 2024*, LG&E AND KU (Dec. 20, 2022), available at <https://lge-ku.com/newsroom/articles/2022/12/20/all-company-business-offices-close-end-2024>.

² *Update on Business Office Closures*, LG&E AND KU (Apr. 19, 2024), available at <https://lge-ku.com/newsroom/articles/2024/04/19/update-business-office-closures>

³ See *Electronic Joint Application of Kentucky Utilities Company and Louisville Electric Company for Certificates of Public Convenience and Necessity and Site Compatibility Certificates and Approval of a Demand Side Management Plan and Approval of Fossil Fuel-Fired Generating Unit Retirements*, Case No. 2022-00402, Order at 7-8 (Ky. PSC Nov. 6, 2023); *Electronic Application of Jackson Purchase Energy Corporation for a Certificate of Public Convenience and Necessity to Construct a New Headquarters Facility*, Case No. 2019-00326, Order at 12 (Ky. PSC Jan. 14, 2020); *Application of South Kentucky Rural Electric Cooperative Corporation for a Certificate of Public Convenience and Necessity to Construct a New Headquarters Facility and for Approval to Transfer Ownership of Certain Assets or, in the Alternative, a Determination that Such Approval is Unnecessary*, Case No. 2014-00355, Order at 9 (Ky. PSC Mar. 27, 2015).

of the building to a CPA firm, though KU plans to terminate that lease as part of any sale of the property.

12. Because the Middlesboro Business Office is a utility asset with an original book value of more than one million dollars, and because the asset is being transferred by KU for reasons other than obsolescence, Commission approval under KRS 278.218 is required.

13. KU does not currently have a buyer identified for the former Middlesboro Business Office. The Commission has previously granted approvals under KRS 278.218 for asset transfers where the prospective buyer was unknown.⁴ KU will market the property for sale to achieve the most favorable sales price while balancing the continued expense of ongoing maintenance of the property. Once a buyer is identified, KU proposes to transfer the Middlesboro Business Office to the selected buyer. If KU identifies a buyer and enters into a sales contract during the pendency of this proceeding, KU will file the contract into the record of this proceeding.

14. KU will not sell the Middlesboro Business Office to an affiliate, as the term is defined in KRS 278.010(18),⁵ or to an entity that would continue to use the property to provide the same or similar services to KU or its customers.⁶

15. KU respectfully asks the Commission to grant the relief requested herein prior to the expiration of the eight-month period by which the Commission must act on this Verified

⁴ See *Electronic Application of Big Rivers Electric Corporation for a Certificate of Public Convenience and Necessity Authorizing Construction of a New Headquarters Facility and an Order Authorizing Big Rivers to Sell its Existing Headquarters Facility*, Case No. 2021-00314, Order at 8-9 (Ky. PSC Dec. 7, 2021); *Electronic Application of Kentucky Power Company for (1) Authority Pursuant to KRS 278.218 to Sell Up to 400,000 Tons of Coal, Scheduled for Delivery to the Mitchell Generating Station in 2018; and (2) For All Other Required Approvals and Relief*, Case No. 2017-00446, Order at 4-5 (Ky. PSC Mar. 8, 2018).

⁵ KRS 278.010(18).

⁶ See KRS 278.218(1)(b).

Application.⁷ Approving the requested relief as soon as reasonably practicable will assist KU in marketing the property.

WHEREFORE, Kentucky Utilities Company respectfully asks the Commission to issue an Order (1) finding that the transfer of KU’s former Middlesboro Business Office to a prospective third-party buyer is for a proper purpose and consistent with the public interest and (2) approving the transfer of the asset subject to two conditions:

- (a) The buyer will not be an affiliate of KU as the term is defined in KRS 278.010(18); and
- (b) The buyer will not use the Middlesboro Business Office to provide the same or similar services to KU or its customers.

⁷ 2024 Ky. Acts Ch. 172; 2024 Ky. SB 349 §2(1) (“Except as otherwise provided in KRS 278.010 to KRS 278.450, if the commission fails to issue a final order on any application submitted to it by a utility pursuant to KRS 278.018, 278.020, 278.216, 278.218, 278.271, and 278.300 within eight (8) months of the acceptance of the filing of the application, then the application shall be deemed approved by the commission and the relief requested shall be deemed to be granted.”), *effective* Apr. 12, 2024.

Dated: June 28, 2024

Respectfully submitted,



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Counsel for Kentucky Utilities Company

VERIFICATION

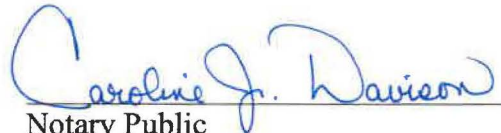
COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Rick E. Lovekamp**, being duly sworn, deposes and says that he is Manager Regulatory Strategy/Policy for LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the foregoing Verified Application, and that the material contained therein is true and correct to the best of his information, knowledge and belief.



Rick E. Lovekamp

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 25th day of June 2024.

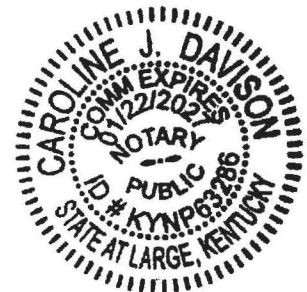


Notary Public

Notary Public, ID No. KYNP 63286

My Commission Expires:

January 22, 2027



CERTIFICATE OF COMPLIANCE

In accordance with the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on June 28, 2024, and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

A handwritten signature in blue ink, appearing to read "A. B. Smith", is positioned above a horizontal line.

Counsel for Kentucky Utilities Company