

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
UTILITIES COMPANY FOR AUTHORIZATION)	CASE NO.
OF CHANGES IN SERVICE TERRITORY)	2021-00138
WITH BLUE GRASS ENERGY COOPERATIVE)	
CORPORATION)	

ORDER

On March 31, 2021, Kentucky Utilities Company (KU) filed an application, pursuant to KRS 278.018(6), for approval of an agreement with Blue Grass Energy Cooperative Corporation (Blue Grass Energy) to change the certified territorial boundary at 420 Whitehall Shrine Road, Richmond, Kentucky. Mr. David Northern (Mr. Northern) requested an extension of electric service for a new home at 420 Whitehall Shrine Road. Blue Grass Energy currently provides service to Mr. Northern's barn at this same address, and the new home falls within KU's certified territory.¹ KU informed Mr. Northern that it was happy to provide service, however his contribution would be tens of thousands of dollars due to the extension distance, as well as the tree clearing and easements required.² KU's cost estimate for the extension would be more than \$73,000 because that cost estimate only includes the extension and the tree trimming required and does not factor in the costs of KU to obtain the necessary easements.³ The Blue Grass Energy

¹ Application at 3.

² KU's Response to Commission Staff's First Request for Information (filed Apr. 27, 2021), Item 3.

³ *Id.*, Item 2.

cost estimate for the extension is \$10,202.⁴ Due to the existing Blue Grass Energy distribution facilities, KU informed Mr. Northern that his expense would be much less to have Blue Grass Energy provide service rather than for KU.⁵

KU has provided a copy of the agreement that described the requested change in certified territories that was signed and dated by representatives of KU and Blue Grass Energy. Also, KU has provided two maps showing the proposed changes to the service territory. The maps were signed and dated by KU on April 21, 2021, and by Bluegrass Energy on April 23, 2021.⁶

KRS 278.018(6) permits retail electric suppliers to contract with one another, subject to Commission approval, for the purpose of allocating territories and consumers between them, and designating which territories and consumers each provider will serve. The Commission is required to approve such a contract “if it 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 thereby.” The purposes of KRS 278.016, which authorizes exclusive service territories for retail electric suppliers, are (1) to promote the orderly development of retail electric service; (2) to avoid wasteful duplication and unnecessary encumbering of the land; (3) to prevent the waste of materials and natural

⁴ *Id.*

⁵ *Id.*, Item 3.

⁶ The boundary change is on the topographic map of Richmond North, KY, 1:24,000 United States Geological Survey, and is defined by the following points of latitude and longitude, expressed in degrees, minutes, and decimal seconds.

A	37 50 35.52 N	84 21 20.637 W
B	37 50 29.102 N	84 21 23.789 W
C	37 50 24.039 N	84 21 31.071 W

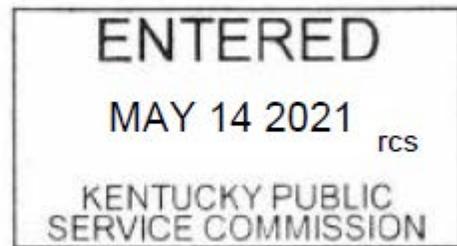
resources; (4) to minimize disputes between retail electric suppliers; and (5) for public convenience and necessity.

The Commission finds that the proposed territorial boundary change promotes the purposes of KRS 278.016. The agreement between KU and Blue Grass Energy to change the certified territorial boundary minimizes a potential dispute between retail electric suppliers, which may have resulted in inconvenience, diminished efficiency, higher cost to the consumer, avoids wasteful duplication of facilities, avoids unnecessary encumbering of the landscape, and provides adequate and reasonable service to all areas and property owners affected.

IT IS THEREFORE ORDERED that:

1. The boundary changes agreed upon by KU and Blue Grass Energy at 420 Whitehall Shrine Road, Richmond, Kentucky are approved.
2. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:


Executive Director

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