

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 BLUE)	2023-00156
GRASS ENERGY COOPERATIVE CORP)	

ORDER

On May 23, 2023, Kentucky Utilities Company (KU) filed an application, pursuant to KRS 278.018(6), for approval of an agreement with Blue Grass Energy Cooperative Corp. (Blue Grass Energy) to change the certified territorial boundary for five parcels of land located off of Mill Creek Pike in Anderson County, Kentucky. Blue Grass Energy and KU have both agreed to the territorial boundary change. No person has requested to intervene in this case. This case is now before the Commission for a decision on the merits.

BACKGROUND

KU indicated that there is a plan to construct five residential homes off of Mill Creek Pike in Anderson County and that the planned subdivision layout is located within portions of KU and Blue Grass Energy's certified territory. KU stated that when the two utilities learned of the plan, KU and Blue Grass Energy engineering staffs reviewed and studied the planned subdivision layout together. The two utilities agreed to redraw the certified territory boundary line in order to efficiently and fairly align with the new property lines.¹

¹ Application (filed May 23, 2023) at 3.

KU stated that the proposed change allows Blue Grass Energy to provide electric service to the five residential homes near Mill Creek Pike.²

KU stated that due to the location and configuration of the current electric utility facilities in the area, the logistics for KU to serve this particular site are challenging and would cause additional costs to the customers. KU explained that it would need to acquire an easement, as well as traverse a large forested area that would have to be cleared. Conversely, KU stated that Blue Grass Energy could extend its nearby facilities with minimal burden.³ KU stated that no current customers will change providers.⁴

KU has provided a copy of the agreement which describes the requested change in certified territories. The agreement is signed and dated by representatives of KU and Blue Grass Energy.⁵ Also, KU has provided two maps, a quadrant map and a detailed site map, showing the proposed changes to the service territory. The quadrant map was signed and dated by KU on May 19, 2023, and by Blue Grass Energy on May 19, 2023.⁶

² Application at 3.

³ Application at 3.

⁴ Application at 3.

⁵ Application, Exhibit 1, "Boundary Change Agreement" between KU and Blue Grass Energy.

⁶ Application, Exhibit 2, McBrayer Quadrant Map.

The detailed site map was signed and dated by KU on May 19, 2023, and by Blue Grass Energy on May 19, 2023.⁷

KU argued that the proposed change in the current service area boundary to allow Blue Grass Energy to extend its nearby distribution facilities to serve the proposed development would be in the best interest of both utilities and of customers.⁸ KU further asserted that the proposed change serves the purposes of KRS 278.016 by avoiding the wasteful duplication of facilities and the unnecessary encumbrance of the landscape, and by minimizing disputes between retail electric providers.

LEGAL STANDARD

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.”⁹ The purposes of KRS 278.016, which

⁷ Application, Exhibit 3, Site Map. The boundary change is on the site map of McBrayer, KY, 1:24,000 United States Geological Survey, and is defined by the following points of latitude and longitude.

Point No.	Latitude	Longitude
1	37.98368	-84.951626
2	37.97878	-84.955651
3	37.977211	-84.953232
4	37.977049	-84.95224

⁸ KU Application at 3 Exhibit 1 (filed May 23, 2023).

⁹ KRS 278.018(6).

authorizes exclusive service territories for retail electric suppliers, are (1) to promote the orderly development of retail electric service; (2) to avoid wasteful duplication of facilities and unnecessary encumbering of the land; (3) to prevent the waste of materials and natural resources; (4) to minimize disputes between retail electric suppliers; and (5) for public convenience and necessity.

DISCUSSION

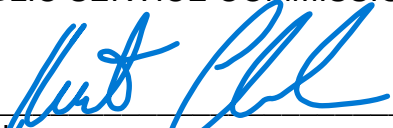
Blue Grass Energy has existing facilities closer to the five planned residential homes that could be extended with minimal burden, while KU would need to acquire an easement, and clear and traverse a large forested area. For those reasons, permitting the proposed territorial boundary change will allow Blue Grass Energy to extend service without encumbering as much additional land or incurring as much costs to extend distribution facilities as would be required if KU provided the service. The agreement also serves to minimize potential disputes between retail electric suppliers, because both affected retail electric suppliers have agreed to the changes. Blue Grass Energy has also provided adequate and reasonable service to its customers in this area for years and the load of five additional residential customers should not affect its ability to continue to do so. Thus, the Commission finds that the proposed territorial boundary changes promote the purposes of KRS 278.016 and will allow the utilities to provide adequate and reasonable service to all areas and customers affected, and therefore, that the application should be granted.

IT IS THEREFORE ORDERED that:

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

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PUBLIC SERVICE COMMISSION



Chairman



Vice Chairman



Commissioner

ENTERED
AUG 18 2023 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



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