

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LOUISVILLE	)	
GAS AND ELECTRIC COMPANY FOR	)	CASE NO.
AUTHORIZATION OF CHANGES IN SERVICE	)	2023-00345
TERRITORY WITH SALT RIVER ELECTRIC	)	
COOPERATIVE CORPORATION	)	

ORDER

On November 9, 2023, Louisville Gas and Electric Company (LG&E) filed an application, pursuant to KRS 278.018(6), for approval of an agreement with Salt River Electric Cooperative Corporation (Salt River Electric) to change the utilities' certified territorial boundaries. No person requested intervention. This case is now before the Commission for a decision on the merits.

BACKGROUND

LG&E and Salt River Electric have individually agreed to a requested territorial change for numerous residential home parcels of land within the new Sanctuary at Mallard Lakes Residential Subdivision (Sanctuary at Mallard Lakes). LG&E argued that the proposed territorial boundary change serves the purposes of KRS 278.016.<sup>1</sup> LG&E argued that the change avoids the wasteful duplication of facilities, the unnecessary

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<sup>1</sup> Application at 2.

encumbrance of the landscape, and minimizes disputes between retail electric providers.<sup>2</sup> LG&E also stated that no existing customer will change electric provider.<sup>3</sup>

LG&E has provided a copy of the agreement which describes the requested change in certified territories. The agreement is signed and dated by representatives of Salt River Electric and LG&E.<sup>4</sup> Also, LG&E has provided eight maps, two quadrant maps, an overview site map, and five sectional site maps showing the proposed changes to the service territory. The quadrant maps and detailed site maps were signed and dated by LG&E on October 31, 2023, and by Salt River Electric on November 3, 2023.<sup>5</sup>

According to LG&E, when the two utilities learned of the new residential subdivision, Sanctuary at Mallard Lakes, to be constructed in the area in question, LG&E and Salt River Electric engineering staffs jointly reviewed and studied the planned subdivision layout and its location.<sup>6</sup> LG&E argued that in situations where a new development spans across two utilities' service territories, the utilities frequently agree to redraw the certified service territory boundary line to efficiently and fairly align with the new property lines.<sup>7</sup> LG&E stated that the proposed boundary line will allow each utility

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<sup>2</sup> Application at 2.

<sup>3</sup> Application at 2.

<sup>4</sup> Application, Exhibit 1, Agreement between Salt River Electric and LG&E

<sup>5</sup> Application, Exhibit 3. The boundary change is on the site maps of Brooks and Shepherdsville, KY, 1:24,000 United States Geological Survey, and is defined by the following points of latitude and longitude. (See Appendix).

<sup>6</sup> Application at 2.

<sup>7</sup> Application at 3.

to prudently extend its existing electrical distribution system to reliably serve the new residential development.<sup>8</sup>

Upon review of the maps in this area in preparing to make this filing, LG&E and Salt River Electric realized that the Commission's certified territorial line did not match the existing property lines in terms of which utility is already providing service.<sup>9</sup> LG&E stated that both LG&E and Salt River Electric have been inadvertently serving outside of their respective certified territories.<sup>10</sup> LG&E also seeks to move the official boundary line to match the existing property lot lines to reflect which utility is actually providing electric service. LG&E stated that no customers will change providers; but the territorial lines will, upon approval, be consistent with which utility is serving which lots.<sup>11</sup> Therefore, in addition to redrawing the territorial boundary that includes the Sanctuary at Mallard Lakes, LG&E and Salt River Electric agreed to redraw the boundaries to include the existing lots.

#### 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 which retail electric supplier is to provide

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<sup>8</sup> Application at 3.

<sup>9</sup> Application at 3.

<sup>10</sup> Application at 3.

<sup>11</sup> Application at 3.

the retail electric service within each area.<sup>12</sup> No retail electric service supplier may furnish retail electric service in the certified territory of another retail electric supplier.<sup>13</sup> However, 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.<sup>14</sup> 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.<sup>15</sup>

#### DISCUSSION

Commission Staff directed LG&E to respond to requests for information on November 28, 2023, requesting that LG&E to provide additional detail about how these proposed territorial boundary changes will promote the purposes of KRS 278.016 and will provide adequate and reasonable service to all areas and consumers affected by the contract. LG&E stated that since the new development spans across both LG&E's and Salt River Electric's territories and the way the developer subdivided the lots created a situation where some lots were "split" – meaning a single lot would be in both provider's territories.<sup>16</sup> The developer's subdivision of lots also created a situation where both

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<sup>12</sup> KRS 278.016.

<sup>13</sup> KRS 278.016.

<sup>14</sup> KRS 278.018(6).

<sup>15</sup> KRS 278.018(6).

<sup>16</sup> LG&E's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Dec. 15, 2023), Item 1.

electric providers would be serving customers on the same street. LG&E and Salt River Electric met in an attempt to avoid a territorial dispute and assess how the two utilities could best provide service to Sanctuary.

LG&E argued that the requested territorial boundary changes avoid wasteful duplication of facilities and unnecessary encumbering of the landscape in the new Sanctuary at Mallard Lakes because Salt River Electric would be the only electric provider for lot numbers 305 – 344. LG&E argued this proposal avoids LG&E providing service to some of these lots on the same street. LG&E argued that the requested changes avoid a future homeowner having their electric consuming premise located on a “split” lot that spans both LG&E and Salt River Electric’s territories. LG&E stated that the proposal aligns the new territorial boundary line with the lot lines so that each lot is wholly located in one or the other provider’s territory. According to LG&E, the request maximizes the current electric infrastructure of LG&E and Salt River Electric and most efficiently and economically extends the infrastructure, avoiding unnecessary duplication and encumbrances. LG&E states that the proposal minimizes the potential for disputes between providers because both LG&E and Salt River Electric agree to these proposed changes.<sup>17</sup>

LG&E states that it routinely meets with other retail electric suppliers whenever new development is occurring that will cross over two providers’ service territories in order to determine whether an agreement can be reached that will promote the purposes of KRS 278.016 and will provide adequate and reasonable service to all areas and

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<sup>17</sup> LG&E’s Response to Staff’s First Request, Item 1.

consumers affected.<sup>18</sup> LG&E states that it has adopted this practice to minimize disputes between it and other suppliers in these split territory scenarios. Salt River Electric and LG&E reached a mutual agreement with regard to the territorial changes proposed in this proceeding. LG&E argued that the proposed changes will better serve the customers, given the layout of the existing utility's electric facilities' locations and the way the lot lines were drawn by the developer.<sup>19</sup> According to LG&E, the proposed changes will minimize costs because each utility can prudently extend its existing electrical distribution system to reliably serve its proposed portion of the new residential development.

In response to the Commission's request for more specific detail on how the proposed boundary changes for Sanctuary at Mallard Lakes avoids the unnecessary encumbering of the landscape, LG&E responded that if these lots remained in Salt River Electric's territory, Salt River Electric would be required to extend an overhead electric route across numerous properties to serve that section, creating unnecessary duplication of facilities and additional encumbering of the landscape for the additional facilities.<sup>20</sup>

Thus, having reviewed the record and being otherwise sufficiently advised, 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 consumers affected, and therefore finds that the application should be granted.

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<sup>18</sup> LG&E's Response to Staff's First Request, Item 4.

<sup>19</sup> LG&E's Response to Staff's First Request, Item 4.

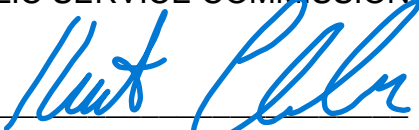
<sup>20</sup> LG&E's Response to Staff's First Request, Item 3.


IT IS THEREFORE ORDERED that:

1. The boundary changes agreed upon by LG&E and Salt River Electric 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  
MAR 04 2024 rcs  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director



APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00345 DATED MAR 04 2024

Brooks and Shepherdsville Quadrants

<b>Point No.</b>	<b>Latitude</b>	<b>Longitude</b>	<b>Point No.</b>	<b>Latitude</b>	<b>Longitude</b>
<b>1</b>	37.985615	-85.722667	<b>28</b>	38.007164	-85.723839
<b>2</b>	37.988293	-85.721672	<b>29</b>	38.007318	-85.723824
<b>3</b>	37.989109	-85.725189	<b>30</b>	38.007299	-85.723335
<b>4</b>	37.988512	-85.725938	<b>31</b>	38.007356	-85.723329
<b>5</b>	37.988556	-85.728754	<b>32</b>	38.007328	-85.72274
<b>6</b>	37.992897	-85.727659	<b>33</b>	38.00745	-85.72273
<b>7</b>	37.993038	-85.728815	<b>34</b>	38.007544	-85.722104
<b>8</b>	37.993668	-85.728664	<b>35</b>	38.008412	-85.720385
<b>9</b>	37.993736	-85.729115	<b>36</b>	38.008723	-85.720076
<b>10</b>	37.995822	-85.728618	<b>37</b>	38.008688	-85.720022
<b>11</b>	37.996011	-85.72834	<b>38</b>	38.009196	-85.719246
<b>12</b>	37.995344	-85.727503	<b>39</b>	38.00945	-85.719406
<b>13</b>	37.995399	-85.72746	<b>40</b>	38.009614	-85.719109
<b>14</b>	37.997692	-85.727134	<b>41</b>	38.0103	-85.719325
<b>15</b>	37.999616	-85.727114	<b>42</b>	38.011061	-85.719326
<b>16</b>	37.999655	-85.727229	<b>43</b>	38.01167	-85.719204
<b>17</b>	37.999958	-85.727582	<b>44</b>	38.011565	-85.718736
<b>18</b>	38.002469	-85.725011	<b>45</b>	38.011464	-85.718078
<b>19</b>	38.003508	-85.725818	<b>46</b>	38.011077	-85.71822
<b>20</b>	38.003869	-85.723512	<b>47</b>	38.010398	-85.718252
<b>21</b>	38.005408	-85.724628	<b>48</b>	38.010105	-85.718159
<b>22</b>	38.006121	-85.724728	<b>49</b>	38.01134	-85.715944
<b>23</b>	38.00614	-85.725191	<b>50</b>	38.014168	-85.716599
<b>24</b>	38.0063	-85.72531	<b>51</b>	38.013677	-85.713438
<b>25</b>	38.006569	-85.724676	<b>52</b>	38.014955	-85.713051
<b>26</b>	38.006274	-85.724574	<b>53</b>	38.014873	-85.712617
<b>27</b>	38.006384	-85.723907			

\*Salt River Electric Cooperative Corp.  
111 West Brashear Avenue  
P. O. Box 609  
Bardstown, KY 40004

\*Rick E Lovekamp  
Manager - Regulatory Affairs  
LG&E and KU Energy LLC  
220 West Main Street  
Louisville, KENTUCKY 40202

\*Louisville Gas and Electric Company  
220 W. Main Street  
P. O. Box 32010  
Louisville, KY 40232-2010

\*Sara Judd  
Senior Corporate Attorney  
LG&E and KU Energy LLC  
220 West Main Street  
Louisville, KENTUCKY 40202