

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

ORDER

On June 28, 2024, Kentucky Utilities Company (KU) filed an application requesting approval, pursuant to KRS 278.218 and 807 KAR 5:001, Section 8, to sell to a prospective third-party buyer KU's assets located at 2201 West Cumberland Avenue, Middlesboro, Kentucky 40965, which includes a 0.16-acre parcel of land, containing an 8,400 square-foot, two-story office building, and a parking lot (Middlesboro Business Office). There are no intervenors in this matter; KU responded to one request for information; and the case now stands submitted to the Commission for a decision.

LEGAL STANDARD

As noted in the application, the applicable statute, KRS 278.218, states:

- (1) No person shall acquire or transfer ownership of or control, or the right to control, any assets that are owned by a utility as defined under KRS 278.010(3)(a) without prior approval of the commission, if the assets have an original book value of one million dollars (\$1,000,000) or more and:
 - (a) The assets are to be transferred by the utility for reasons other than obsolescence; or
 - (b) The assets will continue to be used to provide the same or similar service to the utility or its customers.
- (2) The commission shall grant its approval if the transaction is for a proper purpose and is consistent with the public interest.

BACKGROUND

KU is a public utility, as defined in KRS 278.010(3)(a), engaged in the electric business. It generates, purchases, distributes, and sells electricity in 77 counties in central, northern, southeastern, and western Kentucky.¹ KU is wholly owned by Louisville Gas and Electric (LG&E) and Kentucky Utilities Energy LLC, a subsidiary of PPL Corporation.² In late 2022, KU and LG&E announced to its customers that it would be closing all business offices due to a decline in walk-in transactions, increased customer use of self-service channels, and best practice among similar utilities.³ KU and LG&E completed closing all business offices as of June 14, 2024.⁴

DISCUSSION

KU permanently ceased operations at its Middlesboro Business Office on May 31, 2024, and intends to vacate the property no later than September 1, 2024.⁵ KU stated the original book value of the Middlesboro Business Office is \$1,407,783.⁶ KU further stated that it does not intend to use the Middlesboro Business Office in future business operations, and therefore, will no longer be used by or useful to KU once vacated.⁷ KU averred that the Middlesboro Business Office is not obsolete for purposes of

¹ Application (filed June 28, 2024) at 2.

² Application at 2.

³ Application at 3.

⁴ Application at 3.

⁵ Application at 3.

⁶ Application at 3.

⁷ Application at 3.

KRS 278.218(1)(a) as it currently leases part of the building to a CPA firm.⁸ According to the application, KU plans to terminate that lease as part of any sale of the property.⁹ The application also indicated that KU plans to market the property for sale to achieve the most favorable sales price but does not have a buyer for the Middlesboro Business Office at this time.¹⁰ KU stated it plans to list the Middlesboro Business Office for \$950,000.¹¹ KU has no indebtedness associated with the Middlesboro Business Office.¹² According to information supplied by KU, the current book value of the Middlesboro Business Office building net of depreciation is \$1,026,432.¹³ KU advised that, if it identifies a buyer and enters into a sales contract during the pendency of this case, it will file the contract into the recording of this proceeding.¹⁴ KU further stated that it will not sell the Middlesboro Business Office to an affiliate or entity that would continue to use the property to provide the same or similar services to KU or its customers.¹⁵

FINDINGS

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that KU's application for the sale of the Middlesboro Business Office should be approved. The Middlesboro Business Office has an original book value of

⁸ Application at 3-4.

⁹ Application at 4.

¹⁰ Application at 4.

¹¹ KU's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Aug. 12, 2024), Item 3.

¹² KU's Response to Staff's First Request, Item 4.

¹³ KU's Response to Staff's First Request, Item 10.

¹⁴ Application at 4.

¹⁵ Application at 4.

\$1,407,783. The Commission agrees that, as such, KRS 278.218 is applicable. KU is seeking to transfer the Middlesboro Business Office for reason other than obsolescence. KU is seeking to sell the property because it permanently closed that office on May 31, 2024; however, the Middlesboro Business Office is still usable space as it was occupied by a CPA firm at the time of the application. KU has already ceased operations and was expected to vacate the Middlesboro Business Office by September 1, 2024. Additionally, KU has no plans to utilize the Middlesboro Business Office in future operations. KU keeping the Middlesboro Business Office would create negative financial impacts including but not limited to upkeep expenses of a building that no longer serves a legitimate business purpose for the utility. For these reasons, the Commission finds that the sale of the Middlesboro Business Office is for the proper purpose and consistent with the public interest.

IT IS THEREFORE ORDERED that:

1. KU's application requesting approval to sell the Middlesboro Business Office to a prospective third-party buyer is granted.
2. KU shall provide a copy of the sales contract and copy of final deed within 30 days of the sale of the Middlesboro Business Office, citing to this case number in the post-case correspondence.
3. KU shall file a notice accounting for the total gain or loss on the sale of the property within 30 days after the closure of the transaction, citing to this case number in the post-case correspondence. KU shall include the accounting on their books and records that occurred as a result of the transaction.
4. This matter is closed and shall be removed from the Commission's docket.

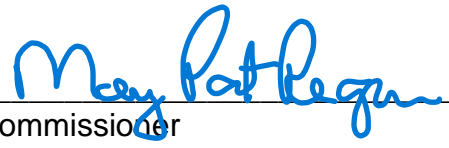
PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

ENTERED
SEP 30 2024 bst
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

*Honorable Allyson K Sturgeon
Vice President and Deputy General Counsel-
LG&E and KU Energy LLC
220 West Main Street
Louisville, KENTUCKY 40202

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

*Robert Conroy
Vice President, State Regulation and Rates
LG&E and KU Energy LLC
220 West Main Street
Louisville, KENTUCKY 40202

*Kentucky Utilities 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