

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BLUE GRASS)	
ENERGY COOPERATIVE CORPORATION FOR)	CASE NO.
AUTHORIZATION OF CHANGES IN CERTIFIED)	2024-00356
SERVICE TERRITORY WITH SALT RIVER)	
ELECTRIC COOPERATIVE CORPORATION)	

O R D E R

On November 14, 2024, Blue Grass Energy Cooperative Corp. (Blue Grass Energy) and Salt River Electric Cooperative Corp. (Salt River Electric) (jointly, Joint Applicants) filed a joint application for changes to their service territory for small portions of land on the eastern side of Taylorsville Lake in Spencer and Nelson counties, Kentucky, totaling approximately 1.38 square miles that are currently in Salt River Electric’s service territory.

Joint Applicants responded to one request for information¹ and there were no requests for intervention, nor public comments filed. The matter now stands submitted for a decision.

BACKGROUND

Joint Applicants stated that they have agreed to a proposed territory boundary change subject to the approval of the Commission.² Joint Applicants explained that, at present, Salt River Electric’s certified service territory includes small portions of land on

¹ Joint Applicants Response to Commission Staff’s First Request of Information (Staff’s First Request) (filed Dec. 13, 2024).

² Application at 2.

the eastern side of Taylorsville Lake in Spencer and Nelson counties, Kentucky, totaling approximately 1.38 square miles.³ Salt River Electric does not have any customers within the 1.38 square mile area.⁴ Joint Applicants explained that it is believed that the service territory lines were developed prior to the construction of Taylorsville Lake.⁵ Prior to the construction of the lake, Salt River Electric would have been able to serve the territory that is now on the northeastern side of Taylorsville Lake.⁶ However, with the lake in place, Salt River Electric would need to extend a service line across the lake to provide service. In contrast, Blue Grass Energy has existing facilities that are much closer and more feasible to extend to a prospective customer in the area.⁷ Accordingly, Joint Applicants propose that Blue Grass Energy add the approximately 1.38 square mile area to its service area. The proposed change in territory allows Blue Grass Energy to provide electric service to the area immediately adjacent to its existing service territory that is on the eastern side of Taylorsville Lake in Spencer and Nelson counties, Kentucky, which is currently included in Salt River Electric territory.⁸

Joint Applicants stated that the application was prompted, in part, after Salt River Electric recently received a request for new service in that area and it was determined that Salt River Electric would be required to undertake substantial expense and effort to

³ Application at 2.

⁴ Joint Applicant's Response to Staff's First Request, Item 1a.

⁵ Joint Applicant's Response to Staff's First Request, Item 3.

⁶ Joint Applicant's Response to Staff's First Request, Item 3.

⁷ Joint Applicant's Response to Staff's First Request, Item 3.

⁸ Application at 3.

extend its facilities around Taylorsville Lake to serve the new customer.⁹ Joint Applicants explained that construction of a distribution line across Taylorsville Lake near the end of Chowning Lane to serve the new customer would require construction of over 4,500 feet of single-phase primary line.¹⁰ Joint Applicants clarified that this route would require Salt River Electric to seek a permit to install a 1,500 foot span across the lake, easements across Taylorsville State Park and individual properties, and significant right-of-way clearing through dense forest.¹¹ Assuming permits and easements could be acquired, Salt River Electric has estimated that this line would cost in excess of \$100,000.¹² Alternately, Salt River Electric could construct a line beginning at the intersection of Park Rd. and Briar Ridge Rd (Highway 248), which would require the construction of at least six miles of single-phase distribution lines crossing Blue Grass Energy's existing territory.¹³ Salt River Electric estimates the construction cost for this alternative would exceed \$500,000.¹⁴

According to the application, Blue Grass Energy already has existing facilities immediately adjacent to the area and can extend its service with substantially less expense and effort than Salt River Electric.¹⁵ The new customer is working on building a

⁹ Application at 2.

¹⁰ Joint Applicant's response to Staff's First Request, Item 1f.

¹¹ Joint Applicant's response to Staff's First Request, Item 1f.

¹² Joint Applicant's response to Staff's First Request, Item 1f.

¹³ Joint Applicant's Response to Staff's First Request, Item 1f.

¹⁴ Joint Applicant's Response to Staff's First Request, Item 1f.

¹⁵ Application at 2.

house approximately 700 feet beyond Blue Grass Energy's existing facilities on Mitchell Lane, and the cost estimate to serve the new home is approximately \$15,300.¹⁶

Joint Applicants argued that the proposed territorial change serves the purposes of KRS 278.016.¹⁷ Joint Applicants stated that they have collectively reviewed the territorial boundaries and are in agreement that a change to the territorial boundaries would avoid wasteful duplication of facilities and unnecessary encumbering of the landscape, would minimize disputes between retail electric providers, and would be in the best interest of the existing and future members of Salt River Electric, Blue Grass Energy, and the public.¹⁸ Joint Applicants have entered into an agreement to this effect, subject to approval by the Kentucky Public Service Commission.¹⁹

Joint Applicants also provided both signed territorial (quadrant) maps and signed detailed site maps, that includes the location of Joint Applicants' distributions facilities.²⁰ This agreement and both maps have been attached to this Order as an Appendix. Joint Applicants argued that the proposed change in service territory would eliminate the need for further territorial adjustments in the area if new service requests are received.²¹

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

¹⁶ Joint Applicant's Response to Staff's First Request, Item 1d and 1e.

¹⁷ Application at 2.

¹⁸ Application at 2-3.

¹⁹ Application at 3.

²⁰ Application at 3.

²¹ Application at 3.

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 the retail electric service within each area.²² No retail electric service supplier may furnish retail electric service in the certified territory of another retail electric supplier.²³ 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.²⁴ 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.²⁵

DISCUSSION AND FINDINGS

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 and the agreement between the parties approved.

²² KRS 278.016.

²³ KRS 278.016.

²⁴ KRS 278.018 (6).

²⁵ KRS 278.018(6).

A copy of the agreement which describes the requested change in certified territories was provided in the application. The agreement is signed and dated by representatives of Salt River Electric and Blue Grass Energy.²⁶ Two maps were provided in the application, a quadrant map, and a detailed site map, showing the proposed changes to the service territory. The quadrant map was signed and dated by Blue Grass Energy on November 7, 2024, and by Salt River Electric on November 6, 2024. The detailed site map was signed and dated by Blue Grass Energy on November 7, 2024, and by Salt River Electric on November 6, 2024.²⁷

Joint Applicants have demonstrated that the proposal would avoid wasteful duplication of distribution facilities; would avoid unnecessary encumbering of the landscape of the Commonwealth of Kentucky; would prevent the waste of materials and natural resources; and would be for the public convenience and necessity to minimize disputes between retail suppliers which may result in inconvenience. Without the proposed change, Salt River Electric would have to create duplicative distribution service lines that Blue Grass Energy already has available to the proposed boundary area. Installation of these lines would cause an encumbrance on the landscape by requiring the

²⁶ Application, Exhibit 1

²⁷ Application, Exhibit 2 and 3. The boundary change is on the quadrant map/site map of Taylorsville and Chaplin, KY, 1:24,000 United States Geological Survey, and is defined by the following points of latitude and longitude.

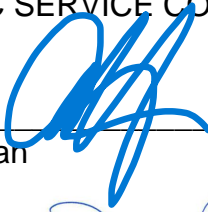
Point	Latitude	Longitude	Point	Latitude	Longitude
1	38.020368	-85.254263	9	37.976994	-85.208369
2	38.022561	-85.257188	10	37.977315	-85.199092
3	38.013702	-85.259268	11	37.979808	-85.188422
4	38.013660	-85.266710	12	37.978700	-85.184666
5	38.008483	-85.262426	13	37.969831	-85.184183
6	38.007370	-85.257106	14	37.969223	-85.178679
7	37.983970	-85.209871	15	37.970878	-85.175361
8	37.981947	-85.210720			

lines to span across the lake and clear parts of existing forest area. The installation of those lines would have little to no opportunity for additional customers. The installation of those lines would also incur significant ongoing maintenance expense to keep the easements cleared. The proposed service area change would also not affect any current customers. Furthermore, Joint Applicants have demonstrated that the construction required by Salt River Electric to service the new customer would result in nearly \$85,000 in unnecessary expense and wasted materials, while Blue Grass Energy could service the new customer for approximately \$15,000. Lastly, the proposed boundary would be for public convenience and necessity as the boundary corresponds better with the existing landscape and service provider in that area, as Blue Grass Energy already has facilities available on the northeastern side of Taylorsville Lake. As Joint Applicants described, the original boundaries were likely created prior to the construction of Taylorsville Lake.

IT IS THEREFORE ORDERED that:

1. The application seeking to amend the territory of Blue Grass Energy and Salt River Electric, including its corresponding boundary changes agreed on by Joint Applicants, is approved.
2. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION



Chairman



Commissioner



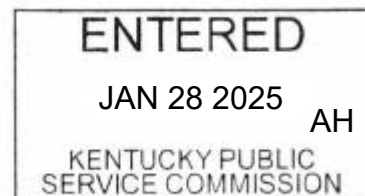
Commissioner

ATTEST:



Executive Director

PP



APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00356 DATED JAN 28 2025

FIVE PAGES TO FOLLOW

BLUE GRASS ENERGY TERRITORIAL
CHANGE INFORMATION

Case No. 2024-00356
Exhibit 1

Affected Property: Approximately 1.38 sq. miles of property on eastern side of Taylorsville Lake in Spencer and Nelson Counties adjacent to Blue Grass Energy territory.

Other Utility: Salt River Electric Cooperative Corporation

Quadrant Map(s): Taylorsville (27-E-4) and Chaplin (28-F-1)

Agreement Date: November 7, 2024

1. Utilities signed copy of quadrant (Key) map showing revised territorial line with a note referencing the property/customer, and date of the territorial agreement.

2. Utilities signed copy of site map (Plat) and/or territorial agreement showing original and revised territorial boundary.

The map must include coordinates accurate to within 3 meters for at least **four** points on the territorial line. It is preferable that these points include the beginning and ending points of the change. We also must provide the coordinate system used: This will be utilizing Global Positioning System (GPS) with the coordinates based upon NAD 1983 KY State Plane North.

3. Copies of all written agreements (**1** needed - not original).

4. Name of employee who would serve as Blue Grass Energy's witness if a hearing is necessary: Chris Brewer, V.P., Engineering

5. Name and mailing address of the other utility, and the name and title of their official who is to receive the Commission stamped quadrant map:

Salt River Electric Cooperative Corporation
Mr. Chase Mills
Chief Operations Officer
111 West Brashear Avenue
Bardstown, KY 40004

6. The reason(s) for the boundary change (realignment with lot/property lines, closest utility (give details), it is the least cost of providing service to the customer(s), etc.):

Avoids unnecessary, duplicative and wasteful expenditure of funds for Salt River Electric to extend its service to east side of Taylorsville Lake where Blue Grass already has existing facilities nearby.

7. How does this boundary change promote the purposes of KRS 278.016? (check all that apply)

- Promotes the orderly development of retail electric service
- Avoids wasteful duplication of facilities
- Avoids unnecessary encumbering of the landscape
- Prevents waste of materials and natural resources
- Is necessary for the public convenience and necessity
- Minimizes disputes between retail electric suppliers which may result in inconvenience, diminished efficiency, and higher cost to the consumer

8. Will any retail customer change electric supplier as the result of this boundary change?

No (Check this if no retail customers were receiving service in affected territory prior to the boundary change.)

Yes (If yes, provide the information on Attachment 1 for each customer affected.)

AGREEMENT

Blue Grass Energy Cooperative Corporation (“Blue Grass Energy”) and Salt River Electric Cooperative Corporation (“Salt River Electric”) hereby agree to a territorial boundary change of their respective certified service territories. The change allows Blue Grass Energy to provide electric service to the area immediately adjacent to its existing service territory that is on the eastern side of Taylorsville Lake in Spencer and Nelson counties and is currently included in Salt River Electric territory as more particularly depicted on the diagram attached hereto as “Exhibit A” and incorporated herein by reference. Blue Grass Energy has existing facilities in the immediate area and is able to extend electrical service, which avoids wasteful duplication of facilities, unnecessary encumbering of the landscape and minimizes disputes between retail electric providers. In order for Salt River Electric to serve the subject areas, it would be required to undertake wasteful and unnecessary extension of its electrical service around Taylorsville Lake to serve a relatively small area on the opposite side of the lake where Blue Grass already has existing facilities. No customers will change providers as a result of this change in certified service territories.

This Agreement is subject to approval of an Application for Changes to Authorized Service Territory by the Kentucky Public Service Commission and if such application is not approved, this Agreement shall be null and void and of no further effect. The parties agree that Blue Grass Energy shall submit the application for approval and related materials to the Kentucky Public Service Commission.

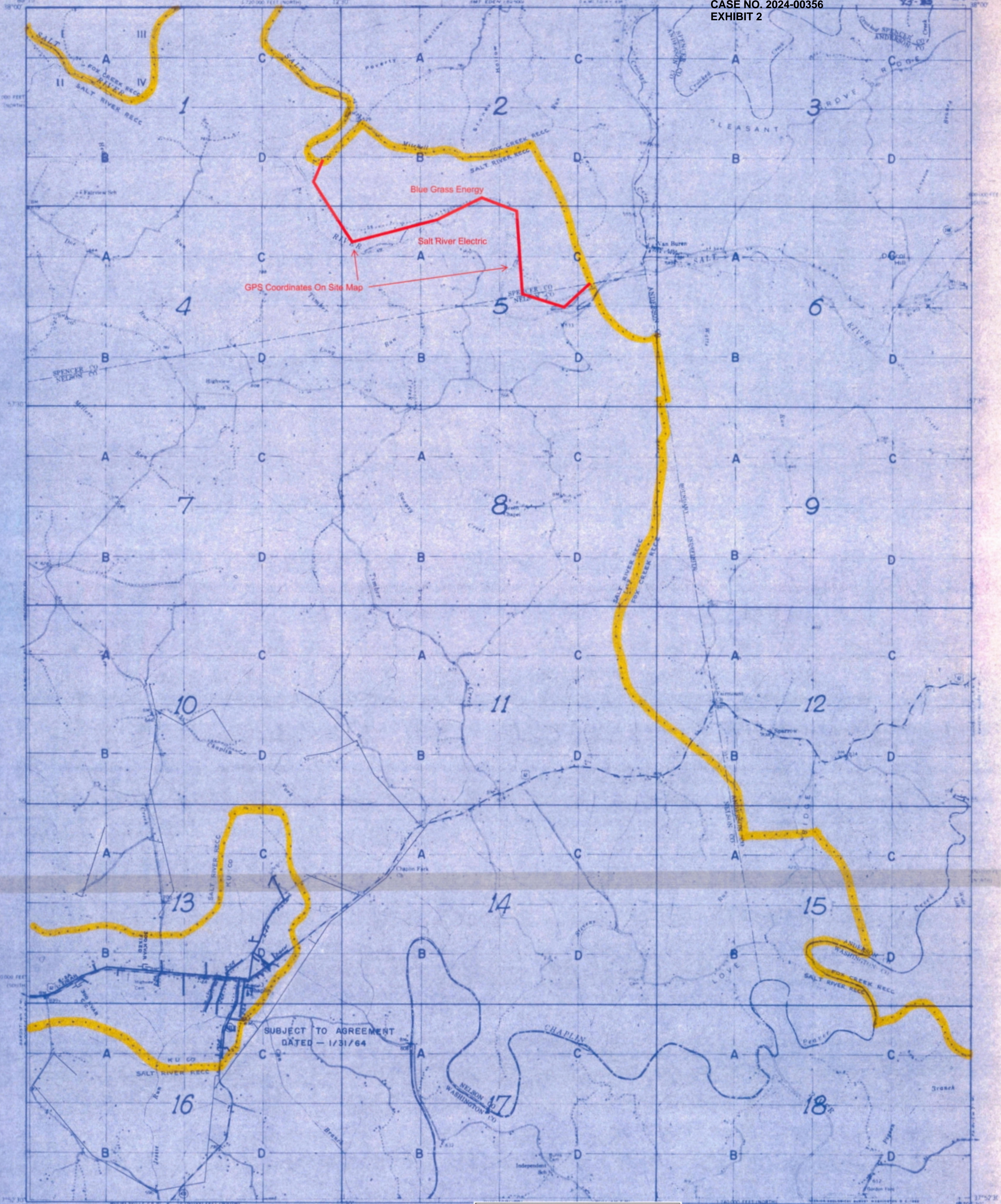
Acknowledged and agreed this 7 day of November, 2024 by:

**BLUE GRASS ENERGY
COOPERATIVE CORPORATION**

**SALT RIVER ELECTRIC
COOPERATIVE CORPORATION**

BY: Chris Brewer
Chris Brewer
ITS: Vice President, Engineering

BY: Chase Mills
Chase Mills
ITS: Chief Operations Officer



GPS Coordinates On Site Map

Blue Grass Energy

Salt River Electric

SUBJECT TO AGREEMENT
DATED - 1/31/64

Proposed Boundary

Signed By	REVISION	Date
Chris Brewer Clem Hill	Blue Grass Energy Salt River Electric	11/7/2024 11-6-24

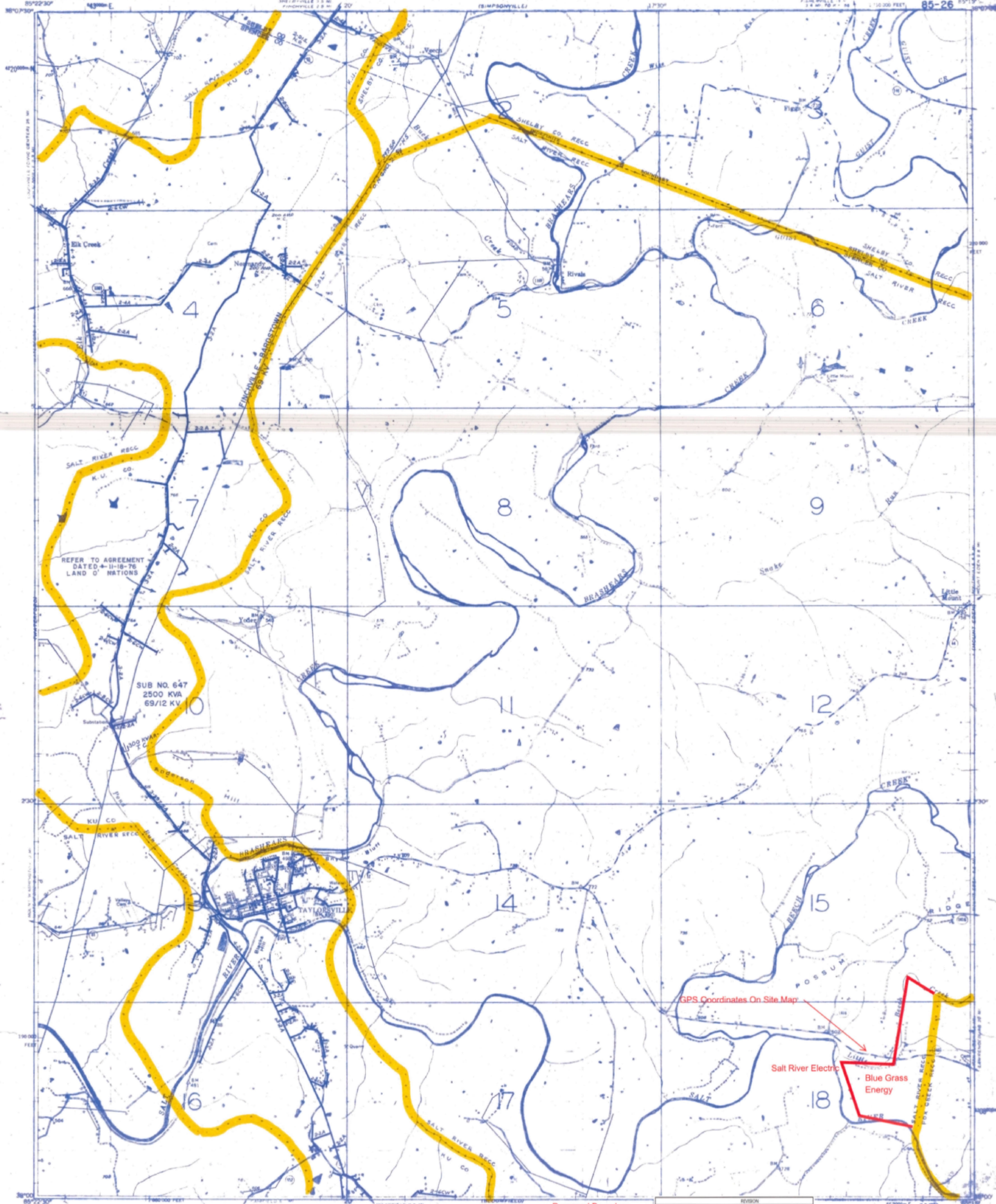
ELECTRIC SERVICE AREAS - 1972	
OTHER DISTRIBUTION NEAR BOUNDARY LINE	UTILITIES INVOLVED
K.U. CO. DISTRIBUTION NEAR BOUNDARY LINE	K.U. CO.
BOUNDARY LINE	SALT RIVER RECC
	FOX CREEK RECC
PUBLIC SERVICE COMMISSION OF KENTUCKY	

Territorial Maps
Reconfirmed By Parties
1982

PUBLIC SERVICE COMMISSION
APPROVED
AS TO AREA CERTIFICATION
BOUNDARY LINES
Date 9/21/02 Approved RWA

KENTUCKY UTILITIES COMPANY		
SYSTEM FACILITIES		
CENTRAL	DIVISION	SECTION
CHAPLIN	MAP	25 DEGREE QUADRANGLE
3885	12-18-67	BY WALLACE

28-F-1



ELECTRIC SERVICE AREAS - 1972

OTHER DISTRIBUTION NEAR BOUNDARY LINE	UTILITIES INVOLVED	SIGNED BY
KU CO DISTRIBUTION NEAR BOUNDARY LINE	K.U. CO.	<i>Tommy [Signature]</i>
BOUNDARY LINE	SALT RIVER RECC.	<i>Thomas [Signature]</i>
	SHELBY RECC.	<i>Tom [Signature]</i>
	POK CREEK RECC.	<i>Tom [Signature]</i>

REVISION

SIGNED BY	DATE
<i>[Signature]</i>	11/17/2024
<i>[Signature]</i>	11/6/24

Proposed Boundary

Signed By	REVISION	Date
<i>Chris Brewer</i>	Blue Grass Energy	11/17/2024
<i>Chris [Signature]</i>	Salt River Electric	11-6-24

PUBLIC SERVICE COMMISSION
APPROVED
AS TO AREA CERTIFICATION
BOUNDARY LINES
Data 9/2/02 Approved RWA

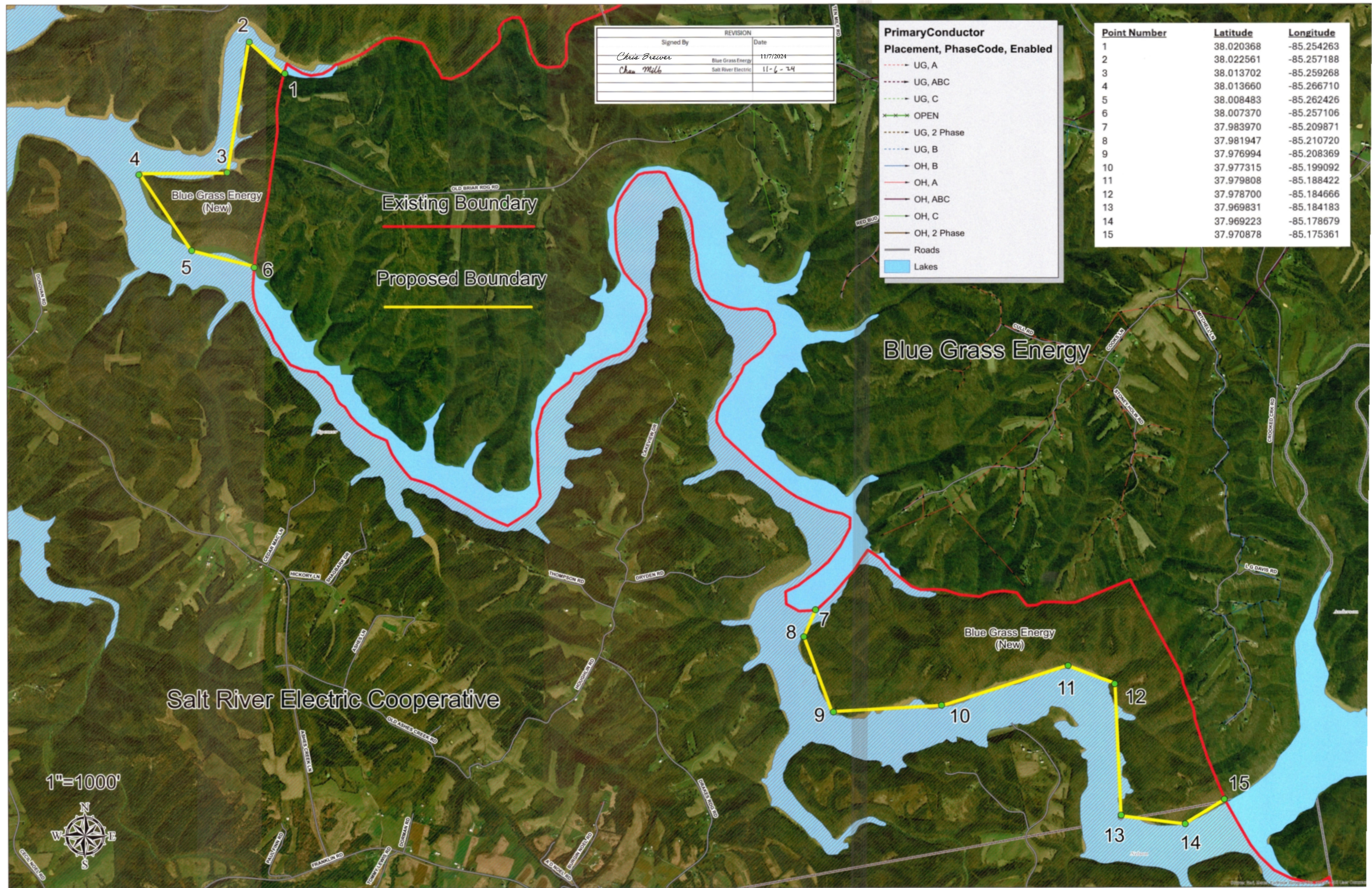
REV. 12-17-69

TAYLORSVILLE, KY.
27-E-4

REVISION	
Signed By	Date
<i>Chris Brewer</i>	11/7/2024
<i>Chen Mills</i>	11-6-24

Primary Conductor	
Placement	PhaseCode, Enabled
--->	UG, A
--->	UG, ABC
--->	UG, C
---	OPEN
---	UG, 2 Phase
---	UG, B
---	OH, B
---	OH, A
---	OH, ABC
---	OH, C
---	OH, 2 Phase
---	Roads
---	Lakes

Point Number	Latitude	Longitude
1	38.020368	-85.254263
2	38.022561	-85.257188
3	38.013702	-85.259268
4	38.013660	-85.266710
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12	37.978700	-85.184666
13	37.969831	-85.184183
14	37.969223	-85.178679
15	37.970878	-85.175361



Salt River Electric Cooperative

Blue Grass Energy

Existing Boundary
Proposed Boundary

Blue Grass Energy (New)

Blue Grass Energy (New)

1"=1000'



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Nicholasville, KY 40340-0990

*Salt River Electric Cooperative Corp.
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Bardstown, KY 40004