

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MICHAEL O. RUSSELL)	
)	
COMPLAINANT)	
)	
v.)	CASE NO. 94-120
)	
CLARK RURAL ELECTRIC COOPERATIVE)	
CORPORATION)	
)	
DEFENDANT)	

O R D E R

Michael Russell has filed a complaint against Clark Rural Electric Cooperative Corporation ("Clark RECC") in which he alleges that the electric utility improperly charged for a distribution line extension to his home. At issue is whether Russell's home is a permanent residential structure and thus entitled to a distribution service line extension of 1,000 feet at no charge. We find in the affirmative and order Clark RECC to refund \$3,698 to Russell.

In 1992 Russell purchased a 147 acre farm in Clark County, Kentucky. In October 1993 Russell located a modular home on the farm and applied for electric service to the home from Clark RECC. Clark RECC extended an existing single phase distribution line approximately 880 feet to serve the home but refused to connect its line to the structure until payment of \$3,689 was made. Russell paid under protest and then brought his complaint.

Russell's modular home is a double-wide 1994 Palmer Harbour Mobile Home. It was transported to Russell's farm on wheels. The

wheels and axles then were detached from the structure's frame and the structure was anchored to a permanent cement block foundation.

Russell has made several improvements to the site. He constructed a 16-foot by 16-foot addition to the modular home which is nailed to the modular home and attached to a permanent block foundation. With the addition, the structure's total area is 2,100 square feet. Russell has also constructed a septic system for his home and has built a road to the structure. With all improvements, the total cost of the home is \$64,223.

Russell financed his purchase of the modular home with a 15 year loan from Green Financial Corporation. Green Financial has a security interest in the home. The security agreement, which has been filed with the Clark County Clerk's Office, identifies the home as personal property, not real property.

Clark RECC's method of supplying service to Russell differs from that used to provide service to a traditional "mobile home" in one major respect. The meter which registers Russell's usage is attached to the structure. Normally, meters for mobile homes are attached to a meter pole outside the structures.

Commission regulations require electric utilities to treat distribution line extensions to mobile homes and permanent homes differently. Commission Regulation 807 KAR 5:041, §11(1) provides:

An extension of 1,000 feet or less of single phase line shall be made by a utility to its existing distribution line without charge for a prospective customer who shall apply for and contract to use the service for one (1) year or more and provides guarantee for such service.

Commission Regulation 807 KAR 5:041, §12(3), on the other hand, permits an electric utility to charge a mobile home an advance equal to reasonable costs incurred by it from that portion of service extension beyond 300 feet plus fifty (50) dollars. That regulation further requires that this amount be refunded over a four year period in equal amounts for each year service is continued.

This disparate treatment is to protect electric utilities from uneconomic extensions. A distribution line extension represents a significant investment which is gradually recovered through general rates. If the original customer sells or transfers the property, the electric utility may still recover the cost of extension through its sales to subsequent occupants or owners. Because of their mobility, mobile homes present additional risks. If a mobile home moves, there is no structure to consume electricity nor subsequent occupant or owner to purchase electricity. The electric utility may not recover the cost of the extension.

Clearly the Russell home was originally a mobile home. The structure, however, has been transformed into a permanent structure. In Shoffner v. Nolin RECC,¹ the Commission held that a mobile home which had undergone substantial changes, such as the removal of its wheels, axles, and tongue and its attachment to a permanent masonry foundation, "is no longer a portable structure and should not be considered a 'mobile home' within the meaning of

¹ Case No. 92-320 (Ky. P.S.C. Jan. 12, 1993) (slip op.).

Section 13 of 807 KAR 5:041."² The changes to the Russell home are similar to those made in Shoffner.

Russell's actions, moreover, are consistent with the intent of Commission Regulation 807 KAR 5:041. The large expenditures for improvements clearly indicate Russell's intent to remain at this location for several years. The threat to the utility's recovery of the cost of the extension appears minimal.

Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that Russell's home is a permanent residential structure and, pursuant to Commission Regulation 807 KAR 5:041, Section 10(1), is eligible for an extension of 1,000 feet of single phase line at no cost. The Commission further finds that Clark RECC improperly charged Russell \$3,698 to extend single phase service to the property in question.

IT IS THEREFORE ORDERED that Clark RECC shall, within 20 days of the date of this Order, refund to Russell the sum of \$3,689.

Done at Frankfort, Kentucky, this 26th day of January, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

² Id. at 11.