FULL COST REFUNDABLE CONTRACT

For

Electric Feed Lines Along Forest View LN L'ESPRIT EQUESTRIAN DEVELOPMENT, PHASE III Oldham County, Kentucky

This agreement is made and entered into as of <u>November 30, 1983</u>, between Louisville Gas and Electric Company (herein called "Company") and Kentucky Park, Inc. (herein called "Applicant").

Company proposes to construct its overhead electric facilities at the request of Applicant to provide a single-phase feed line running along Forest View LN to serve contiguous properties. Applicant requests pole placement to accommodate street lighting and "armless" construction for aesthetic reasons. The estimated total cost of construction of the feed line work is \$35,605. The estimated costs shall be adjusted to an actual cost basis, as determined by Company upon completion of the work and the difference between the estimated cost and the actual cost will be billed or refunded accordingly. A property accounting inventory of all charges for material, transportation, labor and associated costs shall be provided in a manner like that which Company provides governmental bodies when it performs work for them.

The pole line will be constructed five feet inside the road right-of-way with anchoring placed accordingly requiring that final grades be provided for by Applicant either by grade stakes or existing elevations. Any changes in the grade after the initial installation under this contract requiring adjustment of Company's equipment will be made at the expense of the party responsible for said change. Enclosed is Company drawing Number 482 of 1983 showing the proposed electric facilities in this phase of development.

Included in this line extension is the cost of secondary conductors and certain equipment to serve street lighting standards located on every second route pole as requested by Applicant. The above cost includes neutral conductors for both the primary feed lines and the secondary street lighting line. But because the neutral conductor for the primary feed lines can also be utilized for the secondary street lighting circuit, \$5,702 of the total cost of this line extension will be credited on a separate street lighting contract. Therefore, the net estimated cost of \$29,903 should be considered as the cost of installation of overhead feed facilities to serve this portion of the project separate from the cost of lighting equipment.

For the purpose of arriving at a fair refund rate per foot for single-phase connections, an equivalent single-phase cost per foot is calculated by dividing the estimated cost of the feed line system (\$29,903) by the total footage of primary conductor (4,886). The resulting figure or \$6.10/ft. represents the estimated equivalent single-phase cost per foot upon final caccounting will be adjusted to reflect the actual cost per foot upon final caccounting and will be used for refund purposes.

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Since there are no permanent customers to be served from this line at this time, Applicant is required to advance the full estimated cost of \$35,605. As customers for electric service are connected either to this feedline or to certain laterals therefrom, refunds will be made in accordance with the guidelines below. Company understands that these properties may or will have a main horse complex which differs from a barn or other outbuilding in that the complex will have a substantial complement of electric appliances and equipment to house and care for horses. In that context Company will, at its discretion, treat such complex as a customer which could make applicant eligible for refund under the terms stipulated herein.

I. Single-Phase Electric Service

A. With respect to permanent single-family residences, the Company will extend its overhead single-phase facilities at its own expense up to 1,000 feet from the main feed line to each customer for year-round electric service who demonstrates such service will be of a permanent nature. Any line extension in excess of 1,000 feet will require a monetary advance by the customer to the Company equivalent to the then prevailing unit cost per foot of typical single-phase overhead line (presently \$5.50/ft.) times the footage in excess of 1,000 feet. There would be no refund eligible to Applicant in this case.

In the event such single-phase extension to the single family residence is less than 1,000 feet from the main feed line and is not a further extension from a lateral line from the main feed line, Applicant is eligible for refund in the amount equal to 1,000 feet minus the single-phase extension footage (1,000 feet - footage) times the equivalent single-phase cost per foot of the overhead feed line (\$6.10/ft.subject to actual cost basis) provided that the total of all refunds shall not exceed the amount actually paid by Applicant for the main feed line under this agreement.

B. With respect to the main horse complexes on the individual properties, the Company will extend its single-phase overhead lines laterally from the feed line at its own expense up to 1,000 feet to the customer at that property provided the potential consumption and revenue as determined by Company is of such amount and permanency as to warrant the lateral extension. Any line extension in excess of 1,000 feet will require an advance by the customer to the Company equivalent to the then prevailing unit cost per foot of typical single-phase overhead line (presently \$5.50/ft.) times the footage in excess of 1,000 feet.

In the event such single-phase extension to the main horse complex is less than 1,000 feet from the main line and is not

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I. B. (continued)

a further extension from a lateral line from the main feed line, Applicant will be eligible for refund in the amount equal to 1,000 feet minus the single-phase extension footage (1,000 feet - footage) times the equivalent single-phase cost per foot of the overhead feed line (\$6.10/ft. subject to actual cost basis) provided that the total of all refunds shall not exceed the amount actually paid by Applicant for the main feed line under this agreement.

- C. Where both the single family residence and the main horse complex are under construction simultaneously and will be ready for permanent electric service at approximately the same time, a total extension of up to 2,000 feet of overhead single-phase line will be made at no cost to the customer. In this case, if the single-phase extension is less than 2,000 feet, and it is not a further extension from a lateral line from the main line, Applicant is eligible for refund in the amount equal to 2,000 feet minus the single-phase extension footage (2,000 feet footage) times the equivalent single-phase cost per foot of the overhead feed line (\$6.10/ft. subject to actual cost basis). In no case shall the total of all refunds exceed the amount actually paid by Applicant for the construction of the feed line.
- D. There is one exception to the exclusion of refund eligibility for services requiring further lateral extensions from a lateral off the main line.

In the case where an extension is made along a common property line between two tracts and one of the adjoining properties already has electric service while the other has not, and if the property not as yet served requires electric service to either a single-family residence or a main horse complex or both under construction at the same time, the Company will consider such lateral extension or concurrent extensions as one project for refund allowance.

- E. With respect to other single-phase services regardless of distance from existing overhead lines where the potential consumption and revenue are not of sufficient amount and permanency as to warrant that the Company extend its overhead lines at no cost to the customer, the customer shall be required to advance the amount of the cost of such overhead facilities. No refunds shall apply on such extensions.
- F. If a customer desires underground electric facilities, all credit allowances will be limited to the estimated cost of equivalent overhead facilities. The customer is required to pay the difference by which the underground cost exceeds the appropriate credit allowed for equivalent overhead facilities. In no case will overhead lines be extended from the cost of t

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II. Overhead Three-Phase Extensions

A. All allowances for three-phase extensions are subject to determination by the Company that three-phase service is necessary and appropriate for the use contemplated by the customer to be connected. In the event Company determines that three-phase service is not necessary or appropriate, Company at its discretion may agree to extend three-phase service, but customer shall make a non-refundable payment equivalent for the full actual cost of the extension.

B. Residential Service

In no case will three-phase lines be extended for customers billed under the residential rate. In the event a residential customer desires three-phase service and Company determines that such service is necessary and appropriate for the customer's intended use, Company will make the three-phase extension in accordance with the rules set forth under Section C below for commercial customers. Such payment of excess cost will not be subject to refund. Billing for three-phase residential customers shall be in accordance with rates, terms and conditions applicable to commercial customers.

C. Commercial Service

Subject to the Company's determination of the necessity for three-phase service as referred to in Section A above, Company will extend its three-phase overhead lines under the terms set forth below to any bona fide customer for commercial service who agrees in writing to take service when the extension is completed, who provides satisfactory guarantee that he will use such service for one year or more, and reasonable assurance that such service will be used continuously for an indefinite period, and who has or will have his premises wired and ready for electrical connection at approximately the same time Company is ready to provide service. Company will endeavor to schedule its construction so that its readiness to serve will coincide with customer's readiness to accept service.

- (1) When the estimated cost of the extension is less than 2.5 times the annual revenue (as estimated by the Company) to result from the customer or customers to be connected to the extension, the extension will be made without charge to the customer. Company may in any such case require that the customer guarantee an annual revenue equivalent to the estimate on which the extension was justified. If such revenue guarantee is required by property fix the light was the for a term of five years.

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- (2) When the estimated cost of the extension exceeds an amount 100 26 1984

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equivalent to 2.5 times the estimated annual revenue, the
customer shall make a cash payment equivalent to such excess.
Upon construction of the extension and determination of the
actual cost thereof, the customer's payment shall be adjusted

actual cost thereof, the customer's payment shall be adjusted by either a refund or an additional charge on the basis of actual cost. A customer may specifically elect, at the time he signs the contract for the extension, to be charged such excess on the basis of the Company's estimated cost of extension, in which case adjustment to actual cost will not be made. In addition to the payment for the excess cost of the extension, Company may also require that the customer guarantee an annual revenue equivalent to the revenue estimate upon which such excess cost was determined. If such revenue guarantee is required by Company, it shall extend for a term of five years.

- (3) When a customer has made a payment in accordance with Paragraph (2) above representing the excess of the cost of the extension over the portion justified by the estimated revenue, the average annual revenue for the first five years of service to such customer (and/or to his successor at the same location) will be calculated and if such average annual revenue is in excess of the estimated revenue, such customer will be refunded an amount equal to 2.5 times such excess revenue. Likewise, if a new three-phase customer connects directly to the extension (but not to further extension or laterals therefrom) during a five-year period following its construction, the customer shall be refunded an amount equivalent to 2.5 times the estimated revenue from such new customer or customers. In no event, however, shall the amount refunded to customer exceed the amount actually advanced to the Company.
- (4) Since the line extension contemplated by this contract is for single-phase facilities only, the appropriate <u>single-phase</u> credit shall apply to potential refunds to Applicant. That is, only the single-phase lateral extension footage as previously described in Section I is applicable when three-phase is required as the new service to contiguous properties.
- (5) If a customer desires underground three-phase electric facilities all credit allowances toward the cost of underground installation will be limited to the estimated cost of equivalent overhead facilities. The customer is required to pay the difference by which the underground cost exceeds the appropriate credit allowed for equivalent overhead facilities. In no case will overhead lines be extended from underground linesals Service Communication.

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The terms for refund eligibility shall be a period of five years from the date of execution of this Agreement for three-phase services and ten years from date of execution for single-phase services. 10026

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If the above is acceptable to you, please execute the original and three copies of the contract and return them to my attention. The Applicant's cost or \$35,605 shall be paid just prior to Company's commencement of installation of the electric facilities.

It is understood that all work is subject to delays due to shortage of labor and material or to other causes beyond the control of the Company.

Applicant further understands that the commencement of Company's work is contingent upon its obtaining all necessary easements, rights-of-way and any other permits.

Applicant agrees to provide "horse guards" in the form of protective barriers or fencing around all electric facilities, particularly down guys and anchoring but not for poles standing alone.

The above Agreement has been prepared by Company as of November 16, 1983, on the basis of construction costs and Applicant's schedules currently prevailing. Unless this Agreement is signed and returned to the office of the Company within seven days, these terms and schedules shall be subject to change.

IN TESTIMONY WHEREOF, WITNESS OUR HANDS	
APPLICANT ASSESSMENT OF THE PROPERTY OF THE PR	LOUISVILLE GAS AND ELECTRIC COMPANY
Kentucky Park Ino	
Kentucky Park, Inc. 2900 E Highway 42 La Grange, Kv 40031	

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

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