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COMMISSION

Electric Feed Lines Along L'Esprit Parkway  
L'ESPRIT EQUESTRIAN DEVELOPMENT  
Henry County, Kentucky

This agreement is made and entered into as of January 6, 1984, between Shelby Rural Electric Cooperative Corporation (herein called "Cooperative") and Kentucky Park, Inc. (herein called "Applicant").

Cooperative proposes to construct its overhead electric facilities at the request of Applicant to provide a three-phase feed line running west from KY HY 153 along L'Esprit Parkway. Applicant requests pole placement to accommodate street lighting and "armless" construction for present and future three-phase line for aesthetic reasons. The estimated total cost of construction of the entire feed line work is \$36,900. The estimated costs shall be adjusted to an actual cost basis, as determined by Cooperative 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 Cooperative provides governmental bodies when it performs work for them.

As a result of our meeting on September 20, 1983, it is mutually agreed that the pole line will be constructed five feet inside the road right-of-way with anchoring adjusted accordingly (exhibits 1 & 2). This change in the location of construction requires 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 Cooperative's equipment will be made at the expense of the party responsible for said change.

Included in this line extension is \$8,600 for the estimated cost of secondary conductors and certain equipment to serve street lighting standards located on every second route pole as requested by Applicant. Therefore, the net estimated cost of \$28,300 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 (\$28,300) by the total footage of primary conductor (18,100). The resulting figure or \$1.56/ft represents the estimated equivalent single-phase cost per foot. This figure will be adjusted to reflect the actual cost per foot upon final accounting and will be used for refund purposes.

Since there are no permanent consumers to be served from this line at this time, Applicant is required to advance the full estimated cost of \$36,900. As consumers for electric service are connected

either to this feedline or to certain laterals therefrom, refunds will be made in accordance with the guidelines below. Cooperative 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 Cooperative will, at its discretion, treat such complex as a consumer which could make applicant eligible for refund under the terms stipulated herein.

I. Single-Phase Electric Service

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- A. With respect to permanent single-family residences, the Cooperative will extend its overhead single-phase facilities at its own expense up to 1,000 feet from the main feed line to each consumer 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 consumer to the Cooperative equivalent to the then prevailing unit cost per foot of typical single-phase overhead line (presently \$2.88/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 (\$1.56/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 Cooperative will extend its single-phase overhead lines laterally from the feed line at its own expense up to 1,000 feet to the consumer at that property provided the potential consumption and revenue as determined by Cooperative 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 consumer to the Cooperative equivalent to the then prevailing unit cost per foot of typical single-phase overhead line (presently \$2.88/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 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

I. B. (continued)

equivalent single-phase cost per foot of the overhead feed line (\$1.56/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 consumer. 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 (\$1.56/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 Cooperative will consider such lateral extension or concurrent extensions as one project for refund allowance.

X<sub>2</sub> 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 Cooperative extend its overhead lines at no cost to the consumer, the consumer shall be required to advance the amount of the cost of such overhead facilities. No refunds shall apply on such extensions.

F. If a consumer desires underground electric facilities, all credit allowances will be limited to the estimated cost of overhead facilities. The consumer 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 lines.

PURSUANT TO THE ACT OF 1911,  
SECTION 12

II. Overhead Three-Phase Extensions

- A. All allowances for three-phase extensions are subject to determination by the Cooperative that three-phase service is necessary and appropriate for the use contemplated by the consumer to be connected. In the event Cooperative determines that three-phase service is not necessary or appropriate, Cooperative at its discretion may agree to extend three-phase service, but consumer shall make a non-refundable payment equivalent to the full actual cost of the extension.
- B. Subject to the Cooperative's determination of the necessity for three-phase service as referred to in Section A above, Cooperative will extend its three-phase overhead lines under the terms set forth below to any bona fide consumer for 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 Cooperative is ready to provide service. Cooperative will endeavor to schedule its construction so that its readiness to serve will coincide with consumer'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 Cooperative) to result from the consumer or consumers to be connected to the extension, the extension will be made without charge to the consumer. Cooperative may in any such case require that the consumer guarantee an annual revenue equivalent to the estimate on which the extension was justified. If such revenue guarantee is required by Cooperative, it shall extend for a term of five years.
- (2) When the estimated cost of the extension exceeds an amount equivalent to 2.5 times the estimated annual revenue, the consumer shall make a cash payment equivalent to such excess. Upon construction of the extension and determination of the actual cost thereof, the consumer's payment shall be adjusted by either a refund or an additional charge on the basis of actual cost. A consumer may specifically elect, at the time he signs the contract for the extension, to be charged such excess on the basis of the Cooperative'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, Cooperative may also require that the consumer guarantee an annual revenue

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PURSUANT TO KRS 207.101

BY: B. J. [Signature]

II. B. (2) (continued)

equivalent to the revenue estimate upon which such excess cost was determined. If such revenue guarantee is required by Cooperative, it shall extend for a term of five years.

- (3) When a consumer 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 consumer (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 consumer will be refunded an amount equal to 2.5 times such excess revenue. Likewise, if a new three-phase consumer connects directly to the extension (but not to further extension or laterals therefrom) during a five-year period following its construction, the consumer shall be refunded an amount equivalent to 2.5 times the estimated revenue from such new consumer or consumers. In no event, however, shall the amount refunded to consumer exceed the amount actually advanced to the Cooperative.
- (4) If the consumer's calculated revenue allowance (based on his 5-year average annual revenue) should exceed the cost of providing his three-phase service, then such excess amount shall be refunded to Applicant, except that in no case shall the total amounts of all refunds to Applicant exceed the amount actually advanced for the main feed lines.

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PURSUANT TO KRS 260.011.

BY: [Signature]

- (5) If a consumer 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 consumer 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 lines.

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.

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 of \$36,900 shall be paid just prior to Cooperative'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

Cooperative.

Applicant further understands that the commencement of Cooperative'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 Cooperative as of December 7, 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 Cooperative within thirty days, these terms and schedules shall be subject to change.

IN TESTIMONY WHEREOF, WITNESS OUR HANDS this sixth day of January, ~~1983~~/1984.

APPLICANT

SHELBY RURAL ELECTRIC COOP. CORP.

KENTUCKY PARK, INC.

February 2nd, 1984

Gene LaCroix

President

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JUN 26 1984

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