

RULES AND REGULATIONS GOVERNING THE SUPPLY OF ELECTRIC SERVICE

Underground Electric Extension Rules for New Residential Subdivisions

The Company will install underground electric distribution facilities within new residential subdivisions in accordance with its standard policies and procedures and the rules of the Public Service Commission of Kentucky applicable thereto (807 KAR 5:041E, Section 21, Electric) under the following conditions:

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1. These rules shall apply only to 120/240 volt, single phase service to:
 - (a) Residential subdivisions containing ten or more lots for the construction of new residential buildings designed for less than five-family occupancy.
 - (b) High density, multiple-occupancy residential building projects consisting of two or more buildings not more than three stories above grade level and containing not less than five family units per building.
2. When an Applicant has complied with these rules and with the applicable rules of the Public Service Commission, and has given the Company at least 120 days' written notice prior to the anticipated date of completion (i.e., ready for occupancy) of the first building in the subdivision, the Company will undertake to complete the installation of its facilities at least 30 days prior to such estimated date of completion. However, nothing herein shall be interpreted to require the Company to extend service to portions of subdivisions not under active development.
3. Any Applicant for underground distribution facilities to a residential subdivision, as described in Paragraph 1(a) above, shall pay to the Company, in addition to such refundable deposits as may be required in accordance with Paragraph 5 below, a unit charge of \$2.26 per aggregate lot front foot along all streets contiguous to the lots to be served underground. Such payment shall be non-refundable.
4. The Company will install underground single-phase facilities to serve high-density, multiple-occupancy residential building projects, as described in Paragraph 1(b) above, as follows:
 - (a) Where such projects have a density of not less than eight family units per acre, at no charge to the Applicant except where a refundable deposit may be required in accordance with Paragraph 5 below.
 - (b) Where such buildings are widely separated and have a density of less than eight family units per acre, at a cost to the Applicant equivalent to the difference between the actual cost of constructing the underground distribution system and the Company's estimated cost for construction of an equivalent overhead distribution system, the latter including an allowance of not less than \$50 per service drop required. Such payment shall be non-refundable.

PURSUANT TO 807 KAR 5:011,
BY: *Stephen O. King*
SECRETARY OF THE COMMISSION

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Date of Issue: November 22, 2000

Issued By

Date Effective: January 1, 2001

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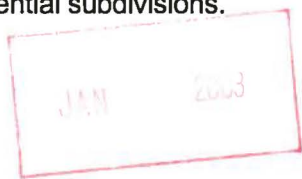
Issued Pursuant to K.P.S.C. Order of 2/2/73 in Adm. Case No. 146

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5. The Applicant may be required to advance to the Company the full estimated cost of construction of its underground electric distribution extension. This advance, to the extent it exceeds the non-refundable charges set forth above, shall be subject to refund.
 - (a) In the case of residential subdivisions, this advance, if required, shall be calculated at a unit charge of \$9.47 per aggregate front-foot and the refund shall be made, on the basis of 2000 times the amount by which such unit charge advance exceeds the non-refundable unit charge set forth in Paragraph 3 above, for each permanent customer connected to the underground distribution system during the ten year period following the date such advance is made.
 - (b) In the case of high-density, multiple-occupancy residential building projects, this advance, if required, shall be based on construction costs for the project as estimated by the Company and shall be refunded, to the extent such advance exceeds any non-refundable charges applicable, when permanent service is commenced to 20 percent of the family units in the project, provided such conditions are met within ten years following the date such advance is made.
 - (c) In no case shall the refunds provided for herein exceed the amounts deposited less those non-refundable charges applicable to the project.
6. Where, upon mutual agreement by the Company and the Applicant, Applicant performs the trenching and/or backfilling in accordance with the Company's specifications, the Company will credit the Applicant's costs in an amount equal to the Company's estimated cost for such trenching and/or backfilling. Such credit will be based on the system as actually designed and constructed.
7. In order that the Company may make timely provision for materials and equipment, a contract between an Applicant and the Company for an underground extension under these rules shall ordinarily be required at least six months prior to the date service in the subdivision is needed. The Applicant shall advance not less than 10% of the amounts due under the said contract at the time of its execution. The remaining amounts due shall be payable in full prior to the commencement of actual construction by the Company of its facilities.
8. Three-phase primary mains or feeders required within a subdivision to supply local distribution or to serve individual three-phase loads may be overhead unless underground facilities are required by governmental authorities or chosen by Applicant, in either of which cases the differential cost of underground shall be borne by the Applicant.
9. Unit charges, where specified herein, are determined from the Company's estimate of the average unit cost of such construction within its service area and the "estimated average cost differential," if any and here applicable, between the estimated average cost of underground distribution systems in residential subdivisions and the estimated cost of equivalent overhead distribution systems in representative residential subdivisions.

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JAN 01 2001

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

Date of Issue: November 22, 2000

Issued By: *Stephen D. Bell* Date Effective: January 1, 2001

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Issued Pursuant to K.P.S.C. Order of 2/2/73 in Adm. Case No. 146