

8-6-1953

Industrial Resources: Laurel County - London

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ECONOMIC & INDUSTRIAL SURVEY

of

London, Ky.



Prepared by

LONDON-LAUREL COUNTY DEVELOPMENT ASSOCIATION

— and —

THE AGRICULTURAL & INDUSTRIAL DEVELOPMENT BOARD

— of —

KENTUCKY

ECONOMIC & INDUSTRIAL SURVEY

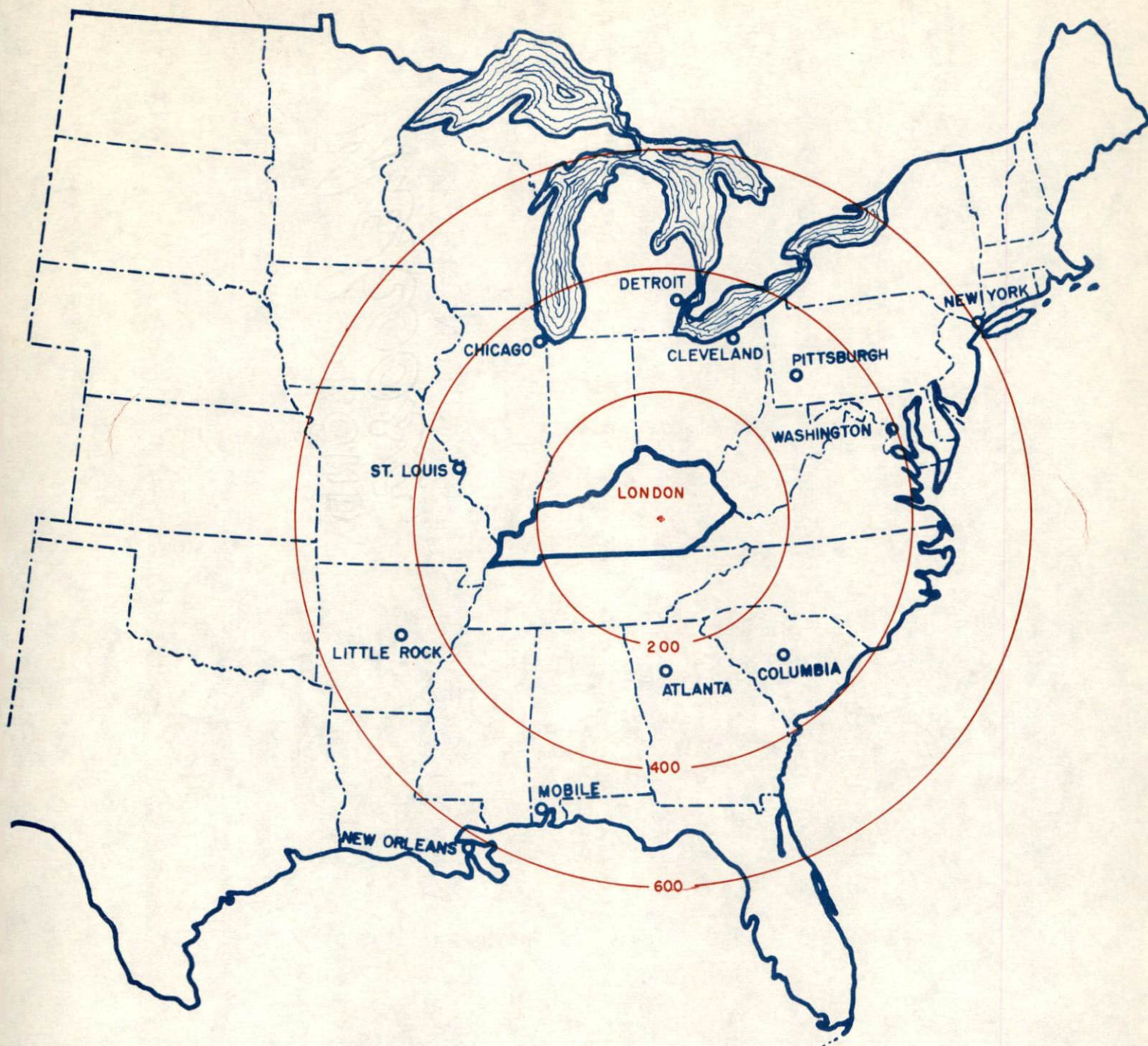
OF

LONDON, KENTUCKY

Prepared by

The London-Laurel County Development Association
and
The Kentucky Agricultural & Industrial Development Board

August 6, 1953



LONDON, KENTUCKY

HAS 50,000,000 CUSTOMERS
WITHIN ITS MARKET AREA

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LONDON, KENTUCKY

POPULATION AND LABOR:

Population Figures 1860 - 1950

| | <u>London</u> | <u>Laurel County</u> |
|------|---------------|----------------------|
| 1860 | 135 | 5,488 |
| 1870 | 165 | 6,016 |
| 1880 | 215 | 9,131 |
| 1890 | --- | 13,747 |
| 1900 | 1,147 | 17,592 |
| 1910 | 1,639 | 19,872 |
| 1920 | 1,707 | 19,814 |
| 1930 | 1,950 | 21,109 |
| 1940 | 2,263 | 25,640 |
| 1950 | 3,426 | 25,797 |

Population Characteristics - The population of London has shown an increase of 51.4% during the past ten years, while that of Laurel County has shown an increase of 0.6% during the same period. 98.2% of the population of Laurel County are native-white, 0.29% foreign-born white, and 0.09% negro.

Labor Market Area - Included in the London labor market area would be the following Kentucky counties: Laurel, Rockcastle, Clay, Knox, and Whitley. Population of these five counties was 125,187 in 1950, down by about 4,200 from 1940.

Economic Characteristics - There were 17,426 persons employed on 13,084 farms in the area according to the 1950 Census of Agriculture. Laurel County had 4,210 persons working on 3,178 farms. In the area there were about 2,138 jobs furnished by the mining industry while 1,151 were furnished by manufacturing late in 1952. Laurel County

had 138 of the mining and 365 of the manufacturing jobs. Low income farming and lack of other job opportunities combine to help make this a low income area. Per capita income for each county was estimated in 1950 as: Laurel - \$443; Rockcastle - \$437; Clay - \$411; Knox - \$369; and Whitley - \$580.

Labor Supply - Approximately 6,500 men and 6,000 women would be available for factory jobs in this five-county area. This labor supply would be predominantly unskilled in factory processes. It is estimated that about 4,000 of the men and 3,000 of the women could be attracted to jobs at London. Others would not be interested because of commuting distances. Laurel County, alone, could furnish about 1,400 men and 1,400 women of the above total.

Existing Industry -

| <u>Industry</u> | <u>Product</u> | <u>M</u> | <u>F</u> | <u>T</u> |
|---------------------------|--|----------|----------|----------|
| Binder Bros. | Lumber | 47 | 0 | 47 |
| Bullock Lumber Co. | Grade stakes | | | |
| Arthur Caudill Lbr. Co. | Lumber | 75 | 0 | 75 |
| Chaney Lbr. Co. | Lumber | 25 | 0 | 25 |
| Nay Chestnut | Sawmill | 6 | 0 | 6 |
| College Hill Lbr. Co. | Planing mill | 6 | 0 | 6 |
| Dogwood Block Co. | Shuttles, blanks for textile industry | 3 | 0 | 3 |
| C. C. Durham | Concrete blocks | 2 | 0 | 2 |
| H & W Lbr. Co. | Staves, veneer logs | 22 | 1 | 23 |
| Cumberland Forest Prod. | Veneer mill | 21 | 0 | 21 |
| Herzig Bldg. Supply Co. | Planing mill | 4 | 1 | 5 |
| Holt & Sons Lbr. Co. | Lumber | 2 | 0 | 2 |
| Kern's Bakery, Inc. | Bread, buns | 93 | 4 | 97 |
| Knoxville Fertilizer Co. | Fertilizer | 52 | 3 | 55 |
| London Bucket Co. | Drilled well buckets | 11 | 1 | 12 |
| London Concrete Block Co. | Concrete blocks | 5 | 0 | 5 |
| London Feed & Milling Co. | Flour milling | 1 | 0 | 1 |
| London Ice Co., Inc. | Ice | 4 | 0 | 4 |
| London Mfg. Co. | Boat trailers | 2 | 0 | 2 |

| <u>Industry (cont'd)</u> | <u>Product</u> | <u>M</u> | <u>F</u> | <u>T</u> |
|--------------------------|----------------|------------|-----------|------------|
| Moore Sign Co. | Neon signs | 3 | 0 | 3 |
| E.D. & W.H. Nicholson | Rough lumber | 9 | 0 | 9 |
| Ellie Owen | Sawmill | 6 | 0 | 6 |
| London Church Furniture | Church pews | 30 | 60 | 90 |
| | | <u>218</u> | <u>68</u> | <u>286</u> |

TRANSPORTATION:

Railroads - London is served by the Cincinnati Division of the L & N Railroad, with 12 scheduled through freights and 4 local freights per day operating between Corbin and Cincinnati, and Corbin and Louisville.

Switching is done by local freight crews. Daily package car service is available between Corbin and Cincinnati and Louisville. Pick-up and delivery service is provided at London.

Outbound cars average 75 per month consisting of coal, fertilizer, tobacco, forest products, and scrap iron.

Inbound carloads average 200 per month and consist of flour, fertilizer, groceries, and stone.

Approximate Transit Times To

| | | | |
|------------------|---------|-------------------|---------|
| Atlanta, Ga. | 24 hrs. | Mobile, Ala. | 61 hrs. |
| Birmingham, Ala. | 52 hrs. | Nashville, Tenn. | 34 hrs. |
| Chicago, Ill. | 50 hrs. | New York, N. Y. | 71 hrs. |
| Cincinnati, Ohio | 26 hrs. | New Orleans, La. | 66 hrs. |
| Cleveland, Ohio | 48 hrs. | Pittsburgh, Pa. | 44 hrs. |
| Detroit, Mich. | 58 hrs. | St. Louis, Mo. | 49 hrs. |
| Knoxville, Tenn. | 16 hrs. | Washington, D. C. | 73 hrs. |
| Louisville, Ky. | 21 hrs. | | |

Highways - U.S. #25; Ky. #'s 80, 192, 229, 363, 638

Highway Distances To

| | | | |
|------------------|-----|------------------|-----|
| Atlanta, Ga. | 312 | Louisville, Ky. | 187 |
| Birmingham, Ala. | 478 | Mobile, Ala. | 772 |
| Chicago, Ill. | 520 | Nashville, Tenn. | 309 |
| Cincinnati, Ohio | 173 | New York, N. Y. | 940 |
| Detroit, Mich. | 436 | Pittsburgh, Pa. | 456 |
| Knoxville, Tenn. | 116 | St. Louis, Mo. | 484 |

Truck Lines Serving London - Meeks Motor Freight, Louisville;

Hayes Freight Lines, Mattoon, Ill. ; Huber and Huber, Louisville;

These truck lines connect London with Louisville, Cincinnati,

Lexington, Knoxville, and Atlanta. Meeks Motor Freight has a

terminal at London. Daily pick-up and delivery service is maintained.

Bus Lines Serving London - Southeastern Greyhound Lines operate

12 round trips daily between Knoxville and Louisville and Cincinnati.

Black Brothers Bus Lines schedule 7 round trips daily to Corbin.

Short Way Bus Lines operate 1 round trip daily between Somerset

and Hazard.

Taxi Cabs - Provided by Wyatt Cab Company and several individual

operators.

Air - London Municipal Airport, Class III, 2 miles south of London

on U. S. 25, with 1 runway 100' x 4000' NE/SW at 235 degrees. Completion of administration building is anticipated during the summer of 1953.

This airport will be served by Piedmont Airlines.

COMMUNICATIONS:

Postal Facilities - London is served by a 1st class post office

with 14 employees, 2 city routes, 5 rural routes, and 2 star routes.

Mail is received and sent out 5 times daily by rail and twice by truck.

Telephone - London is served by the Northeastern Telephone Company with 28 employees and 1494 subscribers. (See Appendix B-1 for rates).

UTILITIES:

Electricity - London is served by the Kentucky Utilities Company through a 69,000 KVA line from Dix River and Pineville.

(See Appendix C for rates).

Natural Gas - London is served by the Eversole Gas Company, whose source of supply is the Petroleum Exploration Company. A 4" line serves London, 75 pound pressure, BTU content 1170, specific gravity .62. (See Appendix B-2 for rates).

Water - Source of supply for the municipal water works is Sinking Creek and Long Branch. Pumping capacity is 600 gpm. Raw water is treated with chlorine, lime and aluminum sulphate. Storage is 550,000 gallons in tanks, 6" and 8" water mains, 40 - 70 psi pressure.

(See Appendix B-3 for rates).

Sewage - Dorr full automatic disposal plant - line 8" - 24"; separate storm and sanitary lines 24" and 36". Sewer rate is 50% of water bill.

CITY GOVERNMENT AND SERVICES:

Type Government - London, a 4th class city, is governed by a mayor, elected for 4 years, and 6 councilmen, each elected for 2 years.

Tax Rates and Laws -

Property Tax Rates per \$100

| | <u>Within City Limits</u> | <u>Outside City Limits</u> |
|--------|---------------------------|----------------------------|
| State | \$.05 | \$.05 |
| County | .70 | .70 |
| City | 1.10 | |
| School | <u>1.50</u> | <u>1.50</u> |
| Total | \$3.35 | \$2.25 |

(See Appendix D for Kentucky Corporation Tax Information).

Assessment Practice - City - 30%
County - 30%

Total Assessment - City - \$3,524,616.00
County - \$10,840,752.00

1952 City Income - \$55,685.33; 5-yr. avg. - \$50,000 per year

1952 City Expenses - \$55,588.62; 5-yr. avg. - \$50,000 per year

1952 County Income - \$89,967.00; 5-yr. avg. - \$85,000 per year

1952 County Expenses - \$90,107.92; 5-yr. avg. - \$85,000 per year.

City Bonded Indebtedness - Street Improvement Bonds \$40,000

issued in 1948 at 3 1/4%, \$15,000 outstanding, mature in 1968

(these bonds are being paid off by a 20¢ levy); Airport Bonds

\$36,000 issued in 1950 at 2 1/2% - 2 3/4%, \$36,000 outstanding,

mature in 1970 (being paid off by a 15¢ levy).

County Bonded Indebtedness - \$200,000 road and bridge bonds

issued 10/16/27 at 4 3/4%, with \$75,000 outstanding, mature

1957; \$45,000 general funding bonds issued 12/31/37 at 4%, \$3,000

outstanding, mature 7/1/53.

Laws Affecting Industry - (See Appendix E for Statute governing the bond issue plan).

Business License Fees - \$15.00 - \$75.00

Exemption to Industry - City - 5 years. State law permits the five-year local tax exemption which cannot be extended.

City Services -

Fire Protection - A chief and 24 volunteer firemen. Equipment includes: 1947 International 500 gpm pumper with 500 gpm booster tank, 1400' of 2 1/2" hose and 600' of 1 1/2" hose; 1952 Mack 750 gpm pumper with 200 gpm booster tank, 1000' of 2 1/2" hose and 600' of 1 1/2" hose; 1952 Chevrolet Emergency panel truck. There are 43 fire hydrants, 40 - 70 psi pressure, 6" and 8" mains. 1952 fire losses were \$27,198.55.

Police Protection - Four men with 1 patrol car.

Streets - 20 miles paved and 5 miles unpaved. There are four maintenance men equipped with 1 truck and 1 tarpot. Streets are cleaned once weekly.

Garbage - 2 men with 1 truck pick up garbage daily in the business section and weekly in the residential areas. Disposal is by means of a city dump.

LOCAL CONSIDERATIONS:

Housing - Rental of a 2-bedroom house is approximately \$50 per month. Construction of a 2-bedroom house is from \$6,000 to \$9,000. There are no public housing projects.

Health -

Hospitals - Marymount - 40 beds; Kentucky State T. B. Hospital - 100 beds.

Doctors - MD's - 11; Dentists - 3; Optometrists - 2; Chiropractors - 2; RN's - 12.

Public Health Program - New \$60,000 health center houses the Laurel County Health Department which has a staff of a health officer, registered nurse, sanitarian and clerk. The public health program comprises: immunizations, venereal disease and tuberculosis control programs; maternity, infant and pre-school health services; sanitation and health education.

Schools -

| | Elementary | | | High School | | |
|-------------------|----------------|-------------|-----------------|----------------|-------------|-----------------|
| | <u>Enroll.</u> | <u>Cap.</u> | <u>Teachers</u> | <u>Enroll.</u> | <u>Cap.</u> | <u>Teachers</u> |
| <u>City</u> (W) | 520 | 520 | 18 | 225 | 300 | 11 |
| (C) | 30 | | 1 | | | |
| <u>County</u> (W) | 4,600 | 5,200 | 134 | 800 | 1,100 | 38 |
| (C) | 28 | | 1 | | | |
| <u>Parochial</u> | 28 | 30 | 2 | | | |

Vocational Schools - Somerset Vocational School, Somerset (35 miles)

Colleges - Sue Bennett Junior College, a Methodist Co-ed college with a 26-acre campus was established in 1896. Colleges in the area include: Cumberland College, Williamsburg; Berea College, Berea; Union College, Barbourville; Eastern State College, Richmond; Centre College, Danville; University of Kentucky and Transylvania College, Lexington.

Churches - The following denominations are represented in London: Baptist, Methodist, Catholic, 7th Day Adventist; Pentecostal; Assembly of God, and Christian.

Libraries - Laurel County Free Public Library with 5,000 volumes and an annual circulation of 15,000.

Tourist Accommodations -

Hotels - 4-Paw - 22 rooms; London Hotel - 24 rooms; Laurel Hotel - 20 rooms.

Motels - Scoville Motel - 27 units; London Hall Motel - 37 units; Hardy's Motel - 24 units; Village Motel - 22 units; Baldwin - 10 units; Cardinal Court - 26 units; Laurel Lodge - 13 units.

Radio Stations - The nearest radio station is at Corbin. London is also served by WHAS at Louisville.

Newspapers - Sentinel-Echo (weekly) with a circulation of 3,600.

Recreation -

Parks and Playgrounds - Levi Jackson Wilderness Road State Park, 825 acres, 3 miles south of London; Cumberland Falls State Park, 32 miles distant; Lake Cumberland, 20 miles distant; Cumberland National Forest and its Rock Creek Natural Area, 18 miles distant; Beaver Creek Wildlife Reserve, 22 miles distant; City School playground. Swimming pool at Sue Bennett College is available in the summer to local people.

Other - Nine-hole golf course, 1 indoor theater, 2 drive-in theaters, 2 tennis courts, softball league, firemen's club.

Banks - Second National Bank with total deposits of \$3,198,000 and total resources of \$3,470,000; The National Bank of London with total deposits of \$3,728,000 and total resources of \$4,080,000.

Retail Businesses

| | |
|-------------------|---|
| Auto dealers | 9 |
| Appliance | 5 |
| Drugs | 3 |
| Furniture & hdwe. | 7 |
| Super markets | 5 |

Service Establishments

| | |
|---------------|---|
| Barber shops | 6 |
| Beauty shops | 5 |
| Dry cleaning | 4 |
| Funeral homes | 3 |
| Laundry | 2 |

Clubs and Organizations -

Civic - London-Laurel County Development Association; Kiwanis, Lions, Rotary.

Fraternal - Masonic, Shrine, American Legion, VFW, DAV

Women's - Women's club, Junior Women's Club, B&PW.

Youth - Boy and Girl Scouts, FFA, 4-H, Cub Scouts.

Climate -

| | Temperature (30-yr. rec.) | Precipitation (30-yr. rec.) | Relative Humidity | | |
|-------|------------------------------|--------------------------------|----------------------------|----------------------------|----------------------------|
| | | | 7:30 a. m. (64-yr. rec) | 1:30 p. m. (34-yr. rec) | 7:30 p. m. (64-yr. rec) |
| Jan. | 35.4 | 4.25 | 83 | 65 | 69 |
| Feb. | 36.6 | 3.66 | 81 | 60 | 64 |
| Mar. | 46.2 | 4.76 | 78 | 54 | 59 |
| Apr. | 55.0 | 3.86 | 75 | 49 | 53 |
| May | 64.0 | 4.20 | 78 | 51 | 58 |
| June | 71.9 | 4.11 | 80 | 53 | 63 |
| July | 75.2 | 4.11 | 83 | 55 | 66 |
| Aug. | 74.3 | 4.10 | 86 | 57 | 68 |
| Sept. | 69.0 | 3.19 | 86 | 53 | 66 |
| Oct. | 57.3 | 2.69 | 86 | 52 | 63 |
| Nov. | 45.7 | 3.24 | 83 | 57 | 64 |
| Dec. | 37.0 | 3.86 | 84 | 65 | 69 |

Ann. Norm. 55.6°F 46.03 inches

Prevailing Winds - (33-yr. rec.) - from southwest

Days Cloudy or Clear (81-yr. rec.) - Clear - 120
Partly cloudy - 121
Cloudy - 124

No. of Days With - Prec. over 0.01 in. (81-yr. rec.) - 133
1.0 or more snow, sleet, hail (68-yr. rec.) - 3
Thunderstorms (71-yr. rec.) - 48
Heavy Fog (71-yr. rec.) - 18

Percent of Possible Sunshine - Annual 57%

Seasonal Heating Degree Days (51-yr. rec.) - Approximate long-term
means 3,777 degree days.

RESOURCES:

Coal - Coal is the most important mineral resource of Laurel County.
In 1952, production totaled 145,727 tons, with an estimated value of over
\$690,000.00.

Clays - Clays, which can be used for ordinary brick and tile manufacture,
occur.

Sands and Sandstones - Unconsolidated sands, which can be used for
general construction purposes, occur. These are found mainly along
the Rockcastle and Laurel Rivers. Sandstones, suitable for local
building and roadway construction, are available.

Limestone - Limestone outcrops along some of the drainage areas.
Stones, suitable for some construction purposes, can be obtained.

Oil and Gas - Small amounts of oil and gas have been secured.

INDUSTRIAL MARKETS:

There are, within the market area of London, an estimated 50,000,000
customers. Some major cities in the area include: St. Louis, Chicago,
Detroit, Atlanta, and New Orleans.

APPENDIX

| | |
|---|----------|
| History and General Description | App. A |
| Telephone Rates | App. B-1 |
| Gas Rates | App. B-2 |
| Water Rates | App. B-3 |
| Power Rates | App. C |
| Kentucky Corporation Taxes | App. D |
| Kentucky Revised Statutes - bond issue plan | App. E |
| Cooperating State Agencies | App. F |

HISTORY AND GENERAL DESCRIPTION

London and Laurel County were created by an Act of Legislature in 1825 under the sponsorship of John and Jarvis Jackson, a father and son team, who gave the county the town site off their farm on the Wilderness Road. A little later the county deeded back to them all the town except the public square, in consideration of their building a brick court house that served its purpose well until replaced in 1885. The town was incorporated in 1866.

Being "in the middle of the Wilderness" Laurel County was a quarter century behind Central Kentucky in its settlement. It was about 1800 before families moved in to wrest a livelihood from the soil.

At different times principal industries in Laurel County have been: agriculture from the beginning; pine tar up to the Civil War; vacationing at Rockcastle and Sublimity Springs, 1850 to 1905; coal and timber beginning with the coming of the railroad in 1882; and more recently stock and tobacco raising on the farm, and manufacturing in town. But always transportation has been their fort. In the earliest days Boone's and Skaggs' traces parted at the Hazel Patch. An Indian trail from Tennessee probably caused the most and greatest massacres in the Wilderness to be in Laurel County. The Wilderness (Wagon) Road to Crab Orchard and State Road to Richmond forked at Pittsburg (1896) while the Knoxville road came in at London. The railroad from Knoxville and Cincinnati and from Norton to Louisville is over the same roadbed through, and only through, Laurel County. The great north-south artery, U. S. #25, and southern Kentucky's only through east-west road, Ky. #80, cross at London, making it the center of one of the most important trading areas in Kentucky.

When the Mountain Echo, the Mountain's pioneer newspaper, was moved from Barbourville to London in 1875, the reason given was transportation and better mail service to the area it served. Seventy-five years later the same better distribution was an influence in decisions of Kerns Bakery and Knoxville Fertilizer locating their factories in London. Now, in 1953, they have the finest and only Class III airport in Southeastern Kentucky.

Education has played a large part in the development of London and Laurel County, the Laurel Seminary opening its doors in 1858, and Sue Bennett College in 1907.

For one week in February, 1900, London was Kentucky's capitol, Governor Taylor having adjourned the Legislature here following the assassination of William Goebel.

TELEPHONE RATES - Appendix B-1

| | <u>Individual</u> | <u>Two-party</u> | <u>Eight-party (rural)</u> |
|-------------|-------------------|------------------|----------------------------|
| Business | \$5.50 | \$5.00 | \$4.50 |
| Residential | 4.00 | 3.50 | 3.00 |

GAS RATES - Appendix B-2

Commercial-Industrial

| | |
|---------------------|-------------------|
| First 1,000 cu. ft. | \$1.30 |
| Next 10,000 cu. ft. | .60 per M cu. ft. |
| Over 11,000 cu. ft. | .55 per M cu. ft. |

WATER RATES - Appendix B-3

| | |
|-------------------|----------------|
| First 2,000 gal. | \$2.50 |
| Next 4,000 gal. | .60 per M gal. |
| Next 14,000 gal. | .50 per M gal. |
| Next 80,000 gal. | .40 per M gal. |
| Next 100,000 gal. | .30 per M gal. |
| Next 600,000 gal. | .25 per M gal. |
| Over 600,000 gal. | .20 per M gal. |

KENTUCKY UTILITIES COMPANY

INCORPORATED

P. S. C. No. 2

FORM KU 17-12

ELECTRIC RATE SCHEDULE

L. P.

Billing Code No. 56

Combined Lighting and Power Service

APPLICABLE in all territory served by Company.

AVAILABILITY

This rate schedule is available for secondary or primary service on an annual basis for lighting and/or heating and/or power where no class rate is available.

It is optional with the customer whether service will be billed under this schedule for the entire requirements, or under various other schedules applicable to the various services. The customers having selected this schedule will continue to be billed under it for not less than twelve (12) consecutive months, unless there should be a material and permanent change in the customer's service.

CHARACTER OF SERVICE

The electric service furnished under this rate schedule will be 60 cycle, alternating current. The nominal secondary voltages delivered from load centers and the phase are as follows: Single phase, 120 volts, two wire, or 120/240 volts, three wire, or 120/208 Y volts three wire where network system is used. Where company has three phase service available, such service will be supplied at 240,480 volts, or 208 Y volts when delivered from network system. The nominal primary voltages of company where available are 2400, 4160 Y, 7200, 8320 Y and 12470 Y.

RATE**Maximum Load Charge**

\$1.75 per kilowatt for the first 25 kilowatts of the maximum load in the month, but not less than \$105.00 per year.

\$1.50 per kilowatt for all in excess of 25 kilowatts per month.

Plus an Energy Charge

2.5 cents per kilowatt-hour for the first 1,000 kilowatt-hours used per month.

1.5 cents per kilowatt-hour for the next 9,000 kilowatt-hours used per month.

1.0 cent per kilowatt-hour for the next 40,000 kilowatt-hours used per month.

.9 cents per kilowatt-hour for the next 50,000 kilowatt-hours used per month.

.8 cents per kilowatt-hour for the next 400,000 kilowatt-hours used per month.

.7 cents per kilowatt-hour for the next 500,000 kilowatt-hours used per month.

.6 cents per kilowatt-hour for all in excess of 1,000,000 kilowatt-hours used for month.

DETERMINATION OF MAXIMUM LOAD

The load will be measured and will be the average kilowatt load used by the Customer during the 15 minute period of maximum use during the month.

MINIMUM ANNUAL BILL

Service under this schedule is subject to an annual minimum of \$21.00 per kilowatt for each yearly period based on the highest monthly maximum load during such yearly period, but not less than \$105.00 per year. Payments to be made monthly of not less than 1/12 of the Annual Minimum, until the aggregate payments during the contract year equal the Annual Minimum. However, payments made in excess of the amount based on above rate schedule will be applied as a credit on billings for energy used during contract year. A new customer or an existing customer having made a permanent change in the operation of his electrical equipment that materially affects the use in kilowatt-hours and/or use in kilowatts of maximum load will be given an opportunity to determine his new service requirements, in order to select the most favorable contract year period and rate applicable.

DUE DATE OF BILL

Customer's monthly bill will be due within 10 days from date of bill.

FUEL CLAUSE (Applies only to the .6 cent step of the above rate.)

The .6 cent per kilowatt-hour step of this rate is based upon the weighted average cost of fuel consumed by the Company at the Green River, Tyrone and Pineville generating stations.

If, during any monthly period such average cost is in excess of 21 cents per 1,000,000 BTU, an additional charge will be made for the second month thereafter on the kilowatt-hours purchased by the customer at this step of the rate during said month at .001323 cents per kilowatt-hour for each .1 cent increase in the cost of fuel above 21 cents per 1,000,000 BTU. (The fuel clause applicable to the other steps of this rate was suspended until further notice as of June 1, 1944).

RULES AND REGULATIONS

Service will be furnished under the Company's general RULES AND REGULATIONS or TERMS AND CONDITIONS.

PRIMARY DISCOUNT. (Applicable to customers having a maximum of 50 kilowatts or more.)

At the option of the Customer there will be a discount of 5% of the energy charge only on monthly bills, in which there is a maximum load charge for 50 kilowatts or more, provided the Customer owns and maintains all facilities (including transformers, if necessary) for taking service from the primary distribution or transmission system from which line the customer is served, and where the service is metered at the primary voltage.

Date of Issue October 1, 1951

Date Effective November 1, 1951

Issued by
W. REED, Vice President
Lexington, Ky.

KENTUCKY CORPORATION TAXES

Corporation Organization Tax

Domestic corporations having capital stock divided into shares are required to pay an organization tax to the Secretary of State at the time of corporation. The tax is based upon the number of shares authorized:

| | <u>Rate Per Share (Par Value)</u> | <u>Rate Per Share (No Par Value)</u> |
|-------------------------------|---------------------------------------|--|
| First 20,000 shares | 1¢ | 1/2¢ |
| 20,001 through 200,000 shares | 1/2¢ | 1/4¢ |
| Over 200,000 shares | 1/5¢ | 1/5¢ |

The minimum tax is \$10. If additional shares are authorized the tax is computed on the basis of the total number of shares, as amended, and the tax due in excess of that already paid must be paid at the time the amendment to the articles of incorporation is filed.

The tax applies to the capital of foreign corporations in case of merger or consolidation with a Kentucky corporation.

Corporation License Tax

All corporations except foreign insurance companies, domestic life insurance companies, building and loan associations, banks and trust companies, race track corporations, and franchise paying corporations are liable for the state corporation license tax of 70¢ on each \$1,000 value of capital stock represented by property owned or business transacted in Kentucky. The minimum license tax is \$10. An annual report of facts concerning the corporation and its business is required to be filed with the Department of Revenue not later than the 15th day of the 4th month following the close of the corporation's taxable year. The amount of the tax is computed from this return. The corporation income and license tax returns have been consolidated. Tax payment is due within 30 days after certification of the assessment of its capital stock.

Corporation Income Tax

The corporation income tax of 4 1/2% applies to the entire net income allocable to this state. Federal income taxes are allowed as a deduction. State and national banks, trust companies, domestic building and loan associations, insurance companies, and non-profit corporations are exempt from the tax. Payment is due on the 15th day of the fourth month after the close of the tax year. Payment of one-third of the tax may be deferred until the 15th day

of the seventh month and an additional one-third until the 15th day of the 11th month following the close of the tax year without interest.

Interest, dividends, rents and royalties, and capital gains not received in connection with the regular business of a corporation are subject to taxation by this state only when such income is received from sources within this state.

Kentucky's portion of taxable corporate income derived from public utilities and the manufacture and sale of tangible property is determined by applying to net income an average of the ratios of the value of tangible property, payroll, and amount of sales in this state to the total value of tangible property, payroll, and amount of sales of the corporation.

In general, this same method is used for allocating taxable income of corporations engaged in other types of business.

Franchise Company Taxes

Property of franchise companies (public service companies, railroad companies, common carrier trucking companies, etc.) is subject to taxation at the following rates per \$100 value: real, 5¢; tangible personal, 50¢; non-operating intangible property, 25¢; manufacturing machinery, 50¢; franchise and rolling stock of car line companies, \$1.50; and franchise (value over and above the actual value of tangible property), 50¢. With the exception of manufacturing machinery, franchise and rolling stock of car line companies, and non-operating intangibles, such property is also subject to local taxation.

Franchise companies must, between January 1 and March 31, file an annual report of its operations during the past calendar year. Assessment of franchise property is made by the Department of Revenue as of December 31 of each year. The total over-all value of the company is fixed by various means, among which are (1) capitalizing net utility operating income and (2) determining the market value of the company's stocks and bonds.

Tax payment is due within 30 days after the department's assessment becomes final.

General Property Taxes

Kentucky's constitution provides that all property, unless specifically exempt, shall be subject to property taxation. Assessments are required to be at fair cash value. Classification is provided. Kentucky courts have consistently held that uniformity takes precedence over full value. The state-wide assessment level on real estate is not more than 40%, on tangible personalty considerably less than 40% generally, and on intangible personalty approximately full value.

Both foreign and domestic corporations, other than franchise companies, must pay general property taxes on tangible property situated within this state and on intangible property which has acquired a situs in Kentucky at the following rates per \$100 value: real property, 5¢; agricultural products, 25¢; other tangible personalty, 50¢; bank deposits, 10¢; brokers accounts receivable, 10¢; and other intangible property, 25¢. Manufacturing machinery, all intangibles except bank shares, and livestock are exempt from local taxation. Agricultural products in storage may be taxed by counties at the rate of 15¢ per \$100. Real estate and all other tangible personalty are subject to full local levies.

County rates have a maximum of 70¢ but average about 65¢; school rates average \$1.45 with a maximum of \$1.50 except for special voted levies not to exceed 50¢. City rates average about 75¢ with a maximum of \$1.50 for cities over 15,000 population.

The Department of Revenue assesses bank deposits in Kentucky banks as of September 1 and distilled spirits and marginal accounts as of January 1. Tax payment is due on bank deposits on or before November 1 following the assessment date and on marginal accounts within 30 days after the department renders its tax bill to the taxpayer. The tax on distilled spirits may be paid tri-annually on January 1, May 1, and September 1, or annually between September 1 and January 1.

Other property is assessed for state, county, and county school taxes by county tax commissioners, and must be listed as of January 1 between January 1 and March 1. Tax payment is due between the following September 15 and January 1; if rendered before November 1 a discount of 2% applies. Exceptions are money in hand, deposits in out-of-state banks, and tobacco, which are assessed as of September 1; tax payments are due the second succeeding September 15.

City and city school assessment and payment dates vary.

Special Taxes

Banks and trust companies, building and loan associations, and insurance companies, which are exempt from corporation license and income taxes, are subject to special taxes.

Banks - Each bank and trust company is required to pay for its stockholders an annual state tax of 50¢ per \$100 value of its capital stock. An annual report to the Department of Revenue and to the assessing officer of the county, city, and school district in which it is located is required by February 1. Tax payment, subject to a 2% discount if paid by November 1, is due between September 15 and December 31 following the assessment date. The assessed value of tangible property may be deducted from the total value of its shares.

Maximum local rates per \$100 are: counties, 20¢; cities, 20¢; and school districts, 40¢.

Building and Loan Associations - A state tax of 10¢ per \$100 is levied on capital stock of domestic building and loan associations in lieu of all other state and local taxes. A report to the Department of Revenue as of January 1 is required by January 31 of each year. Tax payment is due by July 1 of the same year. Shares of borrowing members where the amount borrowed equals or exceeds the amount paid in by those members are exempt from taxation.

Foreign building and loan associations are required to pay an annual tax of \$3 on each \$100 received from shareholders residing in this state, less the amount loaned to shareholders residing in the state. A report must be filed with the Department of Banking on January 1 each year.

STATUTE GOVERNING RIGHT OF CITIES TO CONSTRUCT INDUSTRIAL BUILDINGS

KENTUCKY REVISED STATUTES (1948)

Sec. 103.200 - 103.280

**This Statute was held constitutional by the Court of Appeals
of Kentucky in a decision rendered on July 14, 1950, in the
case of E. P. Faulconer, et. al., vs. the City of Danville,
Kentucky, et. al.**

**Distributed
by the**

**Agricultural and Industrial Development Board
of
Kentucky**

Frankfort, Kentucky

KENTUCKY REVISED STATUTES

1948

103.200 - 103.280

INDUSTRIAL BUILDINGS FOR CITIES GENERALLY

103.200 Definitions for KRS 103.200 to 103.280. As used in KRS 103.200 to 103.280, "industrial building" means any building or structure suitable for and intended for use as a factory, mill, shop, processing plant, assembly plant, or fabricating plant, to be rented or leased to an industrial concern by the city by which it is acquired.

103.210 Issuance of Bonds. In order to promote the reversion to peace-time economy, to relieve the conditions of unemployment, to aid in the rehabilitation of returning veterans and to encourage the increase of industry in this state, any city may borrow money and issue negotiable bonds for the purpose of defraying the cost of acquiring any industrial building, either by purchase or construction, but only after an ordinance has been adopted by the legislative body of the city specifying the proposed undertaking, the amount of bonds to be issued, and the maximum rate of interest the bonds are to bear. The ordinance shall further provide that the industrial building is to be acquired pursuant to the provisions of KRS 103.200 to 103.280.

103.220 Interest on Bonds; terms. (1) The bonds may be issued to bear interest at a rate not to exceed six percent per annum, payable either annually or semi-annually, and shall be executed in such manner and be payable at such times not exceeding twenty-five years from date thereof and at such place or places as the city legislative body determines.

(2) The bonds may provide that they or any of them may be called for redemption prior to maturity, on interest payment dates not earlier than one year from the date of issuance of the bonds, at a price not exceeding 103 and accrued interest, under conditions fixed by the city legislative body before issuing the bonds.

103.230 Bonds negotiable; disposal; payable only from revenue. Bonds issued pursuant to KRS 103.200 to 103.280 shall be negotiable. If any officer whose signature or countersignature appears on the bonds or coupons ceases to be such officer, before delivery of the bonds, his signature or countersignature shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until delivery. The bonds shall be sold in such manner and upon such terms as the city legislative body deems best, or any contract for the acquisition of any industrial building may provide that payment shall be made in such bonds. In no event shall any bonds be negotiated on a basis to yield more than 6% except as provided in subsection (2) in KRS 103.220. The bonds shall be payable solely from the revenue derived from the building, and shall not constitute an indebtedness of the city within the meaning of the Constitution.

It shall be plainly stated on the face of each bond that it has been issued under the provisions of KRS 103.200 to 103.280 and that it does not constitute an indebtedness of the city within the meaning of the constitution.

103.240 Use of proceeds of bonds. All money received from the bonds shall be applied solely for the acquisition of the industrial building, and the necessary expense of preparing, printing and selling said bonds, or to advance the payment of interest on the bonds during the first three years following the date of the bonds.

103.250 Receiver in case of default. If there is any default in the payment of principal or interest of any bond, any court having jurisdiction of the action may appoint a receiver to administer the industrial building on behalf of the city, with power to charge and collect rents sufficient to provide for the payment of any bonds or obligations outstanding against the building, and for the payment of operating expenses, and to apply the income and revenue in conformity with KRS 103.200 to 103.280 and the ordinance referred to in KRS 103.210.

103.260 Application of revenue; charges for use. (1) At or before the issuance of bonds the city legislative body shall, by ordinance, set aside and pledge the income and revenue of the industrial building into a separate and special fund to be used and applied in payment of the cost thereof and in the maintenance, operation and depreciation thereof. The ordinance shall definitely fix and determine the amount of revenue necessary to be set apart and applied to the payment of principal and interest of the bonds, and the proportion of the balance of the income and revenue to be set aside as a proper and adequate depreciation account, and the remaining proportion of such balance shall be set aside for the reasonable and proper operation and maintenance of industrial building.

(2) The rents to be charged for the use of the building shall be fixed and revised from time to time so as to be sufficient to provide for payment of interest upon all bonds and to create a sinking fund to pay the principal thereof when due, and to provide for the operation and maintenance of the building and an adequate depreciation account.

103.270 Depreciation account. (1) If a surplus is accumulated in the operating and maintenance funds equal to the cost of maintaining and operating the industrial building during the remainder of the calendar, operating or fiscal year, and during the succeeding like year, any excess over such amount may be transferred at any time by the city legislative body to the depreciation account, to be used for improvements, extensions or additions to the building.

(2) The funds accumulating to the depreciation account shall be expended in balancing depreciation in the industrial building or in making new constructions, extensions or additions thereto. Any such accumulations may be invested as the city legislative body may designate, and if invested the income from such investment shall be carried into the depreciation account.

103.280 Additional Bonds. (1) If the city legislative body finds that the bonds authorized will be insufficient to accomplish the purpose desired, additional bonds may be authorized and issued in the same manner.

(2) Any city acquiring any industrial building pursuant to the provisions of KRS 103.200 to 103.280 may, at the time of issuing the bonds for such acquisition, provide for additional bonds for extensions and permanent improvements, to be placed in escrow and to be negotiated from time to time as proceeds for that purpose may be necessary. Bonds placed in escrow shall, when negotiated, have equal standing with the bonds of the same issue.

(3) The city may issue new bonds to provide funds for the payment of any outstanding bonds, in accordance with the procedure prescribed by KRS 103.200 to 103.280. The new bonds shall be secured to the same extent and shall have the same source of payment as the bonds refunded.

The Following Amendment was made to KRS 103.200 to 103.280 by the 1952 Kentucky Legislature.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF KENTUCKY:

Section 103.200 of the Kentucky Revised Statutes is amended to read as follows:

As used in KRS 103.200 to 103.280, "industrial building" or "buildings" means any building or structure suitable for and intended for use as a factory, mill, shop, processing plant, assembly plant, or fabricating plant, and/or the necessary operating machinery and equipment, to be rented or leased to an industrial concern by the city by which it is acquired.

COOPERATING STATE AGENCIES

As a state, Kentucky realized the importance of industry in developing her many resources. In addition to the Agricultural and Industrial Development Board, which was created for the express purpose of promoting the economic development of the Commonwealth, there are many state agencies actively engaged in programs, which, directly or indirectly, contribute materially to the solution of problems which affect our industrial growth.

The Kentucky Highway Department, in planning its program of development and expansion, gives every consideration to the needs of existing and proposed industries. During the year, 1950, 2,461 miles of highway and bridges were placed under contract at a total cost of \$35,000,000. This brings the total of the last three years to more than \$88,000,000 for 7,000 miles of highway construction. In national standing, according to the United States Bureau of Public Roads, Kentucky was 7th in the number of miles of highway construction placed under contract in 1950, and 11th in the amount of money spent. If the national war emergency does not interfere, they expect to exceed this figure in 1951.

The Kentucky Department of Economic Security stands ready at all times to assist new industries in determining sources of various classes of labor, prevailing labor rates, and labor practices throughout the State. In addition, they provide, on request, a labor procurement and counseling service for existing industries.

The Kentucky Department of Industrial Relations has been highly successful in its relations with both management and labor. Representatives of this department are available at all times to consult with industries on any matter in which they can be of service.

The Kentucky Department of Revenue offers the services of its tax consultants to industries seeking locations within the State, as well as to resident industries.

Established industries have found the State to be considerate of their welfare and we welcome the opportunity to introduce representatives of prospective new industries to their choice of our present family of industries.

The Kentucky Agricultural and Industrial Development Board takes pride, not only in the services it has to offer to industries seeking locations in Kentucky, but in the service it attempts to render on a continuing basis to existing industry.