
SECTION 8 – LINE EXTENSION POLICY

A. APPLICABILITY

This policy applies to facility improvements and additions required to serve new electric loads at new locations or additional electric loads at existing locations. As used in Section 8, the term “line extension” shall include all facility additions and modifications required to serve specific load additions including but not limited to lines of increased length or load carrying capacity, substation enlargements, transformers, breakers, switches, other ancillary equipment and Customer-site facilities. This policy also applies to the provision of enhanced metering or other non-standard improvements made at the Customer’s request.

B. CONTRACT TERM

As evidence that the Customer accepts service under the terms of this policy, the Customer will be required to sign an Electric Service Agreement guaranteeing the increased monthly charges specified herein for a mutually agreed upon period. After the initial period, the monthly charges will not exceed the amount set forth in the appropriate Rate Schedule. If Customer or Company terminates service, remaining unpaid line extension charges shall become immediately due and payable.

C. RESIDENTIAL LINE EXTENSIONS

- (1) Permanent residential Customers will be required to pay an additional monthly charge to compensate Company for line extension costs exceeding \$3,000.00, which shall be considered the cost allowance. The additional monthly charge shall be calculated by amortizing costs exceeding the cost allowance over a mutually agreed-upon contract term at a discount rate equal to the Company’s most recently approved electric rate of return. This additional monthly charge will be in addition to any customer charges set forth in the appropriate Rate Schedule.
- (2) The Company shall not be required to grant the above-defined cost allowance to Customers that are not Permanent Residential Customers. A Permanent Residential Customer is a single family residence or rural residence consisting of a single structure roofed and enclosed within exterior walls, built for permanent use, erected, framed of component structural parts and unified in its entirety attached to a permanent foundation and in operation for single-family residential occupancy.

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- (3) Line extensions for permanent residential structures not yet constructed shall be considered nonresidential if they have not been built and occupied within 24 months of completion of the line extension and will revert to charges in accordance with Sections 8D. and 8E. for non-domestic annual service type accounts.

D. NON-RESIDENTIAL LINE EXTENSIONS

Non-Residential Customers are not entitled to a specific cost allowance.

E. SPECIAL CONTRACTS FOR NON-RESIDENTIAL LINE EXTENSIONS

- (1) For Non-Residential Customers, where it is necessary to make extensions or reinforce distribution lines to provide service such that in the sole judgment of the Company, the revenue to be derived from, or the duration of the prospective business is not sufficient under the specified monthly customer charges to warrant the investment, the Company may require any one or more of the following of the Customer before undertaking to supply service:

- (a) An additional monthly charge calculated with the Company's standard economic model,
- (b) A cash contribution in advance, or
- (c) An acceptable guarantee, or bond.

- (2) In such cases, the Customer will enter into a written contract with the Company as to the character, amount and duration of the business offered. No interest will accrue or be payable to Customer on any cash contribution required by the Company.

F. PRORATION OF LINE EXTENSION CHARGES

The additional monthly charge determined in accordance with paragraphs C and E of this Section will be prorated on an equal basis between all Customers of a like classification that are initially or subsequently served by the line extension within the contract period. Adjustments to the additional monthly charge of the original Customer or Customers will only be made at Customer's request for additional permanent Customers whose premises are adjacent to and served directly from the original line extension. The total adjustment will not reduce the charge below those required in the Company's applicable Rate Schedule. In the event that multiple customers of dissimilar rate classes are served from a common extension, Company shall make a good faith effort to reallocate costs based on amount of shared line and size of connected loads. Company is not required to refund line extension charges paid in advance or prior to connection of additional customers.

G. AREA DEVELOPMENT

If the promoter, developer, or owner of a housing development area requests that Company construct its distribution system therein in advance of the completion of a substantial number of the houses, Company may require a deposit from the promoter, developer, or owner in sufficient amount to cover the cost of Company's distribution system, but the refundable portion of the deposit will be refunded without interest to and upon request of said promoter, developer, or owner, proportionately, as the houses or buildings are constructed, occupied, and connected to the distribution system during the succeeding five (5) years. The refundable portion shall be the lesser of the deposit described herein or the Company's cost allowance set forth in Section 8C.(1).

H. UNDERGROUND EXTENSIONS

If Company is requested to make an underground extension of its distribution system, such extension will be installed according to standards of the Company. Company will contribute towards the cost of such extension an amount equal to the cost allowance for equivalent overhead service. Customer will contribute the difference between the cost of the underground service and the contribution made by the Company.

I. BASIS OF DETERMINING COSTS

The term cost or actual cost as used herein will be the actual cost of materials used and labor required, including tree trimming, plus cost for use of tools and equipment, storeroom and accounting expense, sales tax, overheads, and superintendence. For ease of administration and Customer understanding, Company at its discretion may substitute an average labor and labor overhead component based upon a typical composite for workers and pay grades represented on a construction crew instead of actual workers on the specific job.

J. RIGHT-OF-WAY AND FRANCHISE LIMITATIONS

There will be no absolute requirement that the Company secure private right-of-way for the purpose of making extensions of overhead or underground lines or other facilities to premises of prospective Customers. Customer will provide or procure for the Company such rights-of-way as are satisfactory to the Company across property owned or otherwise controlled by a Customer for the construction, operation, and maintenance by the Company of its facilities necessary or incidental to the supplying of electric service. When necessary, Company will endeavor to secure franchise rights from municipality to cover urban extensions requested but will not undertake to make extensions on streets or alleys not covered by lawful franchise grants.

K. EXTENSIONS ON UNIMPROVED STREETS AND ALLEYS

Company will not be required to construct any extensions of overhead or underground lines or other facilities in any streets or alleys for which the property lines, sidewalk lines and curb lines have not been established by the city, nor on any streets or alleys which have not been previously graded by the city except where, although the street or alley is not graded, the grade will have been established and the contour of the ground will not be more than six (6) inches above or below the established grade at the proposed locations of the Company's power lines or other facilities.

L. SUBSTATIONS AND POWER LINES ON CUSTOMER'S PREMISES

If, in order to serve Customer, it is found necessary or desirable for Company to install an indoor substation consisting of transformers, switching equipment, or other apparatus, Customer will furnish, without cost to Company, a weather proof building or room. Such space will be well ventilated and reasonably free from moisture or dust, of sufficient size to house and operate safely such transformers and other equipment that are to be furnished by Company. Customer will also furnish, without cost to Company, right-of-way over Customer's property for Company power line or other facilities necessary to service Customer. Where Customer is not the owner of the premises to be served, written consent of the owner will be furnished to the Company on a form provided for that purpose. If an outdoor substation is found necessary or desirable, Customer will furnish, without cost to Company, sufficient ground area to property install such equipment as may be required.

M. EXTENSIONS – PROPERTY OF COMPANY

All extensions made under these rules will at all times be and remain the property of the Company subject to the Terms of Section 7F.



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