

300 Line Extension Policy

300.1 General Policy

The Cooperative extends its distribution facilities to members or applicants in accordance with the following line extension provisions. Each provision classifies the predominant type of electric service/use anticipated on member's or applicant's premises and specifies conditions under which a line extension may be made. For each location where electric service is desired, member's or applicant's classification involves an evaluation of the type of installation and its use. member's or applicant's classification shall be determined by the Cooperative. In the event that the classification assigned by the Cooperative is incorrect based upon member's or applicant's subsequent actual use of the installation then the Cooperative may alter member's or applicant's classification and apply the correct line extension classification, making appropriate adjustment to the member's or applicant's account or billing.

Service will not be provided and no work to extend service to the applicant's or member's delivery point shall be performed until the applicant or member has paid any and all fees or charges associated with the provision of service. This includes membership fees, establishment fees, facilities charges, deposits, and/or system impact fees.

300.2 Permanent Overhead Residential, Farm, and Ranch Service

The Cooperative will construct a new overhead distribution extension consistent with the Cooperative's current specifications to serve a permanent residential installation under the following provisions:

A. Applicability.

To qualify as an extension to a permanent residential installation the location where member or applicant is requesting service shall comply with the following provisions:

- (1) be a permanent installation. To qualify as a permanent location, the applicant will either have a definite plan for or has commenced the construction of the building or other permanent facilities stipulated in the application by installing a water well or slab/foundation.
- (2) be a single or multi-family residence.
- (3) if located within a residential subdivision or multi-family residential development, the developer must have complied with the residential development line extension policy of the Cooperative and paid all aid to construction required therein.

B. Point of Delivery.

The Cooperative extends its electric facilities only to the Point of Delivery (as defined in Section 100(4) of this Tariff). Member or applicant shall install and be solely responsible for wiring of the installation and all service entrance wiring through the weatherhead and the meter base to customer's main disconnect switch or service center.

C. Facilities Charge.

- (1) The Cooperative shall estimate the cost for the line extension based on current unit material and labor costs according to the Cooperative's current standards and specifications. The estimated cost is the total cost of all construction including not only the labor and materials used in constructing the extension, but also engineering, right-of-way acquisition and clearing, and all other costs directly attributable to the extension.
- (2) There will be no charge to the member or applicant for the first \$2000.00 of estimated cost of making the extension and such amount shall be the Cooperative's obligation. The member or

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applicant shall be required to pay as aid to construction the estimated cost of the extension in excess of such amount.

D. Routing.

- (1) The line extension shall be constructed along the most direct route. Any deviation from the most direct route shall be at the Cooperative's sole discretion.
- (2) In all cases, the line extension shall be constructed on dedicated rights-of-way or on a route covered by an easement on the Cooperative's standard form.
- (3) Any and all right-of-way clearing shall be performed to the Cooperative's specifications. The estimated cost of the clearing shall be included in the estimated cost of the line extension. At the option of the member or applicant and with the agreement of the Cooperative, the applicant may perform the clearing or hire separately a contractor to perform the clearing, provided it is performed in a timely manner and to the Cooperative's specifications.

E. System Impact Fee.

A non-refundable charge of \$200.00 will be collected for extending service to a new location. This amount represents a contribution in aid of construction toward the Cooperative's System Cost associated with substation and distribution backbone facilities and is in addition to any amount due for the line extension.

300.3 Other Residential, Farm, and Ranch Overhead Service Extensions

The Cooperative will construct a new extension of its overhead system to serve other residential installations under the following provisions:

A. Applicability.

To qualify as an extension to other residential class installations, the location where the member or applicant is requesting service shall:

- (1) be a residence or dwelling unit not qualifying as a permanent installation; or
- (2) be a barn, shop, water well, gate opener, or other service that is not used for any commercial purpose.

B. Point of Delivery.

The Cooperative extends its electric facilities only to the Point of Delivery (as defined in Section 100(4) of this Tariff). Member or applicant shall install and be solely responsible for wiring of the installation and all service entrance wiring through the weatherhead and the meter base to member's or applicant's main disconnect switch or service center.

C. Facilities Charge.

- (1) The Cooperative shall estimate the cost for the line extension based on current unit material and labor costs for the same type of construction in the most recent data available. The estimated cost is the total cost of all construction including not only the labor and materials used in constructing the extension, but also engineering, right-of-way acquisition and clearing, and all other costs directly attributable to the extension.
- (2) There will be no charge to the member or applicant for the first \$800.00 of estimated cost of making the extension and such amount shall be the Cooperative's obligation. The member or

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applicant shall be required to pay as aid to construction the estimated cost of the extension in excess of such amount.

D. System Impact Fee.

A non-refundable charge of \$200.00 will be collected for extending service to a new location. This amount represents a contribution in aid of construction toward the Cooperative's System Cost associated with substation and distribution backbone facilities and is in addition to any amount due for the line extension.

300.4 Other Overhead Line Extensions

The Cooperative will construct a new extension of its overhead distribution system to serve all other permanent installations under the following provisions:

A. Applicability.

To qualify for an extension under this section 300.4, the location where member or applicant is requesting service shall:

- (1) be a permanent installation, and
- (2) be classified as commercial, industrial, or public building installation; and
- (3) if located within a commercial development, the developer must have complied with the commercial development line extension policy of the Cooperative and paid all aid to construction required therein.

B. Point of Delivery.

The Cooperative extends its electric facilities only to the Point of Delivery (as defined in Section 100(4)) of this Tariff). Member or applicant shall install and be solely responsible for wiring of the installation on member's or applicant's side of the point of delivery.

C. Facilities Charge.

- (1) The Cooperative shall estimate the cost for the line extension based on current unit material and labor costs for the same type of construction. The estimated cost is the total cost of all construction including not only the labor and materials used in constructing the extension, but also engineering right-of-way acquisition and clearing, overhead, and all other costs attributable to the extension.
- (2) A contribution in aid of construction for provision of electric service is required if the estimated annual revenue from member or applicant, excluding purchased power cost, is less than the revenue requirement associated with the Cooperative's system and direct investment costs of providing service to member or applicant. The amount of the customer's contribution in aid of construction shall be determined by the following formula. If the amount calculated below is zero or negative, no contribution in aid of construction is required for provision of electric service.

Cooperative's Allowable Investment (CAI) = Annual Revenue / Return Factor

Total Project Cost (TPC) = Direct Cost + System Cost

Member's/Applicant's Contribution = TPC - CAI

Where:

Direct Cost = The cost of distribution or transmission facilities necessary to provide electric service to the member or applicant, determined by estimating all necessary expenditures, including, but not limited to overhead distribution

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facilities, metering and rearrangement of existing electrical facilities. This cost includes only the cost of the above-mentioned facilities that are necessary to provide service to the particular customer requesting service and does not include the costs of facilities necessary to meet future anticipated load growth, or to improve the service reliability in the general area for the benefit of existing and future customers.

System Cost = Cooperative's average allocated investment costs and rate base items associated with transmission backbone facilities, distribution substation facilities and distribution backbone facilities as determined from the Cooperative's most recent cost of service study.

Annual Revenue = Annual revenue from the member or applicant computed using estimated billing units less the estimated annual cost of purchased power.

Return Factor = The fixed charge rate, including O&M, Depreciation, Taxes and a return on investment, necessary to convert an annual revenue stream to the total revenue associated with the life of the project.

- (3) For members or applicants with loads greater than 1000 kW the Cooperative shall exercise prudent judgment in determining the conditions under which a specific line extension will be made and shall view each case individually. The Cooperative shall analyze costs to provide service and base facilities charges on the rate of return generated by the rate design. Special contractual arrangements will be made with the member or applicant and may include contribution in aid of construction in advance of construction or as a monthly facilities charge, special contract minimums, special service specifications, special contract terms greater than 5 years, or other arrangements or conditions deemed reasonable by the Cooperative. All amounts paid to the Cooperative as contribution in aid of construction shall be non-refundable.

D. Contract Term.

Where a line extension is required to provide service, the Cooperative may require member or applicant to sign an Agreement For Electric Service or a term of up to 5 years, provided, however, that an agreement for a longer term may be required in accordance with Section 300.4(C)(3) above.

E. System Impact Fee.

A non-refundable charge of \$200.00 will be collected for extending service to a new location. This amount represents a contribution in aid of construction toward the Cooperative's System Cost associated with substation and distribution backbone facilities and is in addition to any amount due for the line extension.

300.5 Residential Developments

A. Applicability.

The Cooperative will construct a new extension of its overhead distribution system to provide service within residential developments under the following conditions:

- (1) The development is a platted, recorded residential subdivision to be primarily used or developed for permanent single or multi-family residential dwelling units;
- (2) The land developer shall comply with all applicable provisions of the Service Rules and Regulations of the Cooperative;
- (3) All Cooperative facilities will be installed in recorded public or private easements along streets or public rights-of-way deemed suitable by the Cooperative;

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- (4) Cooperative facilities will not be installed along the backs of lots or in areas deemed inaccessible by the Cooperative;
- (5) The developer provides at no cost to the Cooperative:
 - (a) Right-of-way easements and covenants on owner's property that are satisfactory to the Cooperative;
 - (b) Site plans (streets, wet utilities, mechanical, electrical, plumbing, and landscaping plans, etc.), notice of construction start dates and construction schedules that are reasonable and industry typical for the type of work to be performed.
 - (c) Survey points for grades, lot corners, street ROW, and other locations reasonably necessary for installation of the electric system.

B. Facilities Charge.

- (1) The Cooperative shall estimate the cost for the electric facilities adequate to serve all prospective members in the development. These facilities will include primary and secondary conductors and any electric equipment, and devices required for service to the development. The estimate for these facilities will be based on current unit material and labor costs for the same type of construction in the most recent data available. The estimated cost is the total cost of all construction including not only the labor and materials used in constructing the extension, but also engineering, right-of-way acquisition and clearing, and all other costs directly attributable to the extension. The estimate will not include costs for voltage transformation or services.
- (2) The developer will bear the cost of the facilities, identified in paragraph B.1 of this section, required for the distribution system within the subdivision. Each member or applicant for residential service within the subdivision shall receive service under the provisions of section 300.2 of this policy and shall be responsible for any contributions in aid of construction and any system impact fees required by the provision of such service.
- (3) Any commercial facilities associated with the development such as offices, clubhouses, laundry facilities, etc. shall be separately considered under the provisions of section 300.4. The developer or member or applicant for such service shall be responsible for any contributions in aid of construction and any system impact fees required by the provision of such service.
- (4) Any undue cost experienced by the Cooperative during the construction of the distribution system within the subdivision to placement of obstacles by the developer or home builder will be paid by the developer, home builder, member or applicant.
- (5) All amounts paid to the Cooperative for construction shall be non-refundable.
- (6) All Cooperative facilities required within the limits of the subdivision will be installed on a schedule set by the Cooperative based on the necessary load requirements but prior to the provision of service to individual applicants.

300.6 Commercial Developments

A. Applicability.

The Cooperative will construct a new extension of its overhead distribution system to provide service within commercial developments where developer requests electric infrastructure to be installed in advance of development of a site or lot by a member or applicant, under the following conditions:

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- (1) The development is a platted commercial development with sites or lots for multiple members or applicants to be primarily used or developed for permanent commercial, industrial, retail, and/or office use;
- (2) The land developer shall comply with all applicable provisions of the Service Rules and Regulations of the Cooperative;
- (3) The developer will provide at no cost to the Cooperative:
 - (a) Right-of-way easements and covenants on owner's property that are satisfactory to the Cooperative;
 - (b) Site plans (streets, wet utilities, mechanical, electrical, plumbing, and landscaping plans, etc.), notice of construction start dates and construction schedules that are reasonable and industry typical for the type of work to be performed.
 - (c) Survey points for grades, lot corners, street ROW, and other locations reasonably necessary for installation of the electric system.
- (4) Line extensions to each member or applicant within the development will be according the terms and conditions in section 300.4 – Other Line Extensions.

B. Facilities Charge.

- (1) The Cooperative shall estimate the cost of the electric infrastructure adequate to serve all prospective members within the development. This will be determined in advance of development of a site or lot by a member or applicant based on current unit material and labor costs for the same type of construction. The estimated cost is the total cost of all construction including not only the labor and materials used in constructing the extension, but also engineering right-of-way acquisition and clearing, overhead, and all other costs attributable to the extension.
- (2) The developer will be required to pay in advance 100% of the estimated actual cost of such electric infrastructure. The Cooperative at its sole discretion may accept other guarantee or contractual arrangement in lieu of cash payment.

300.7 Underground Service

- A. The following provisions for the extension of underground service to individual members/applicants or residential or commercial developments are in addition to the standard provisions relating to overhead service.

B. Underground Service to Individual Members or Applicants:

Underground electric primary and secondary lines to serve members or applicants may, by special arrangement with the Cooperative, be provided subject to the above conditions. In addition, when receiving underground service, the member will be responsible for providing all trench and associated backfill, concrete work associated with padmounted gear, and all conduit and its installation.

C. Underground Service to Subdivisions or Commercial Developments:

Where a developer requests the construction of underground electric facilities within a platted subdivision or commercial development, the developer shall bear the cost of installing the underground electric system adequate to serve all prospective members who may require electric service from said underground system. The developer shall be responsible for providing all trench and associated backfill, concrete work associated with padmounted gear, and all conduit and its installation.

- D. Where the design of the development is such that switchgear are required for proper and safe operation of the distribution system, the developer will bear the cost of the switchgear. Where switchgear are installed solely for the convenience of the Cooperative, such as to provide flexibility in serving load outside of the development, then the Cooperative shall bear the cost of such switchgear.
- E. In all cases, underground secondary service lines from a meter to the member's main disconnect switch or service center shall be installed and maintained by the member and the Cooperative shall have no responsibility or liability in connection therewith.

300.8 Temporary Service

In any circumstance where the need for electric service is temporary the member or applicant shall pay 100 % of the estimated cost of construction plus the cost of removal.

300.9 Area Lighting

The Cooperative will provide secondary service conductor to serve an area lighting fixture without charge to the member or applicant. Member or applicant will pay in advance as non-refundable aid to construction the estimated cost of any additional facilities.

300.10 Line Clearance

The Cooperative will assist in the transportation of oversized objects through the area or in the construction of buried pipelines or other objects with the Cooperative's right-of-way by temporarily de-energizing Cooperative facilities or temporarily relocating or raising electric facilities provided that the Cooperative receives compensation for all costs incurred.

Costs incurred shall include labor, materials used, engineering, right of way acquisition and clearing, and vehicles or equipment used including mileage if applicable.

300.11 Ownership of Distribution Facilities

The Cooperative shall retain the ownership of all material and facilities installed by the Cooperative, developer, or applicant for the distribution of electric energy whether or not the same have been paid for by the member. All lines and facilities constructed or installed by the Cooperative are the property of the Cooperative

300.12 No Refund of Aid to Construction

Payments necessary for construction of facilities which will be used to deliver electric energy to the applicant or member are contributions in aid of construction and are not refundable.

300.13 Relocation of Facilities

- A. The Cooperative will relocate its facilities on member's or applicant's premises at member's or applicant's request provided member or applicant has (1) provided a satisfactory easement for the new facilities; and (2) paid in advance the estimated cost of the removal of the old facilities plus the estimated cost for the construction of the new facilities.
- B. If the Cooperative determines it is necessary to move its facilities because member or applicant fails or refuses to allow the Cooperative access to Cooperative's facilities at any time then member or applicant may be billed the estimated cost of relocation.
- C. The Cooperative will replace an existing overhead electric line with an underground line upon request of a member or applicant, land owner, or other party, provided, however, that Cooperative has

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- (1) determined in its sole discretion that such replacement does not adversely impact electric service reliability or the Cooperative's operating efficiencies,
- (2) received an adequate easement(s), in a form acceptable to the Cooperative, for the construction, installation, maintenance, operation, replacement and/or repair of the underground facilities, at no cost to the Cooperative, and
- (3) received payment in advance of the commencement of such replacement for all costs of removal of the overhead facilities and the full amount of the Cooperative's estimated cost for the construction and installation of the new underground facilities.

300.14 Formula for Calculating Contribution in Aid of Construction

The amount of the contribution in aid of construction for electric service is determined by the following formula. If amount calculated below is zero or negative, no contribution in aid of construction is required for provision of electric service.

$$\begin{aligned} \text{Cooperative's Allowable Investment} &= \text{Annual Revenue} / \text{Return Factor} \\ \text{Total Project Cost} &= \text{Direct Cost} + \text{System Cost} \\ \text{Member/Applicant Contribution} &= \text{Total Project Cost} - \text{Cooperative's Allowable Investment} \end{aligned}$$

Where:

Direct Cost = The cost of distribution or transmission facilities necessary to provide electric service to member or applicant, determined by estimating all necessary expenditures, including, but not limited to, metering, services, transformers, and rearrangement of existing electrical facilities. This cost includes only the cost of the above-mentioned facilities that are necessary to provide service to the particular customer requesting service and does not include the costs of facilities necessary to meet future anticipated load growth, or to improve the service reliability in the general area for the benefit of existing and future customers.

System Cost = Cooperative's average allocated investment costs associated with member's or applicant's on-peak and off-peak demands as approved in Cooperative's most recent rate case for the appropriate class of member or applicant. Investment cost accounts considered in determining the allocated investment costs are those applicable 300 series FERC accounts and other rate base items, including plant held for future use, cash working capital, materials and supplies, prepayments, customer deposits, reserve for insurance and other cost-fee capital.

Annual Revenue = Estimated annual revenue from member or applicant computed from estimated demand and kWh, excluding fuel cost and sales tax.

Return Factor = Fixed charge rate, including O&M, taxes, insurance, necessary to convert an annual revenue stream to the total revenue associated with estimated life of project.

300.15 Status of the Policy

The Line Extension Policy is subject to change by the Board of Directors.