



Non-Residential Line Extension FAQ

What are the changes to the Non-Residential (commercial) line extension portion of the tariff?

As of January 1, 2020, PEC adopted changes to the Line Extension Policy for Commercial and Industrial (C&I) Members. Through this policy change, C&I Members will receive a flat credit up to \$2,000 to be applied toward construction that is required to connect the Member to the PEC system.

For details, please see the PEC Tariff and Business Rules Section 400.4, Non-Residential Service.

Why a credit of \$2,000 for Non-Residential (commercial) line extensions?

Based on the past 10 years of data from Large and Small Power Members and the current tariffed rates, the credit amount of \$2,000 is the cooperative's allowable investment. This amount is based on the anticipated revenue from rates in excess of costs over the average expected life.

What if the construction costs are less than \$2,000?

As is the current practice, if the total construction costs are less than the PEC allowable investment, the Member will not pay any contribution in aid of construction.

What if the estimated construction costs are more than \$2,000?

As is the current practice, if the total construction costs are more than the PEC allowable investment, the Member will be required to pay the remaining balance.

What are the changes to the Other Non-Residential (commercial) line extension portion of the tariff?

Beginning June 1, 2020, PEC will adopt a change that requires the applicant to pay all costs per meter that qualify under Other Non-Residential Service.

For details, please see the PEC Tariff and Business Rules Section 400.5, Other Non-Residential Service.

Why is the program changing now?

PEC conducts a Cost of Service Study on a recurring basis as set forth by the Board of Director's Rates Policy. The Cost of Service Study is used to inform tariff change recommendations to the PEC Board of Directors, including line extension allowances, rates, fees, and capital credit allocations. The current Line Extension Policy has been in place for 10 years, and provided a significant amount of historical data to inform the Cost of Service Study. The main findings were that the cooperative's allowable investment toward construction costs for Non-Residential Service, on average, should be \$2,000, and administering the process needs to be simplified for consistency. Additionally, the cooperative's allowable investment toward construction costs for the Other Non-Residential Service category are not justified and all construction costs should be paid by the applicant.

How will PEC transition to the new policy?

Non-Residential (commercial) projects where the:

- Construction is completed prior to Jan. 1, 2020, will fall within the current allowance process.
- Applications received prior to Jan. 1, 2020, with construction scheduled to be completed prior to June 30, 2020, will fall within the current allowance process.
- Applications received after Jan. 1, 2020, will fall within the new allowance process.

Other Non-Residential (commercial) projects where the:

- Construction is completed prior to June 1, 2020, will fall within the current allowance process.
- Application is received prior to June 1, 2020, with construction scheduled to be completed prior to September 30, 2020, will fall within the current allowance process.
- Application is received after June 1, 2020, will fall within the new allowance process.

Who will answer questions and phone calls related to the policy change?

Please contact the Planning Department in the district your project is located, or any other office within PEC's service territory. Visit pec.coop/contact-us for more information.