



# Line Extension Policy Changes FAQ

## **What are the changes to the PEC Line Extension Policy portion of the tariff?**

Beginning October 1, 2021, PEC will no longer provide monetary allowances for construction that may be required to connect an applicant for power to the PEC system. This will impact applicants under the Residential and Non-Residential Service sections of the tariff.

For more details, please see the [PEC Tariff and Business Rules Section 400, Line Extension Policy](#).

## **Why is the credit toward Residential and Non-Residential Service Line Extension construction costs being removed?**

The line extension policy was created in the late 1930s to provide incentives for residents and businesses to join the PEC system. The need to incentivize this type of activity has greatly diminished, especially across the PEC service territory, where extreme record growth is underway.

Today, the line extension policy costs our members \$30 million/year according to PEC's most recent Cost of Service Study (COSS). This is an expense that must be paid by all PEC members in all rate classes. Removal of the line extension credit is not expected to impact growth in PEC's service territory. Additionally, the 2021 Winter Storm has compelled PEC to review its finances and make changes to policies that reflect the cooperative's current economic situation.

## **Why is the change being made at this time?**

PEC continues to experience significant growth throughout its service territory. As a result, the current line extension policy is a \$30+ million annual expense that must be borne by the entire membership. Another factor is the additional debt incurred by PEC in response to the 2021 Winter Storm, makes it imperative that PEC examine its budget and cut costs that are not justifiable to the membership.

## **How will PEC transition to the new policy?**

The cooperative will implement the new policy as follows:

- Construction completed **prior to October 1, 2021**, will fall within the current policy that contains an allowance for construction of up to \$2,000 per meter.
- Line extension applications received **prior to October 1, 2021**, with a scheduled construction completion date prior to April 30, 2022, will fall within the current policy that contains an allowance of up to \$2,000 per meter.
- Applications received **after October 1, 2021**, will fall within the new policy that contains no allowances for construction.

Additionally, PEC staff has been conducting one-on-one outreach with developers and others who will be affected by the new line extension policy.

## **Where do I direct questions related to the policy change?**

Please contact the Planning Department in the district where the project is located, or any office within PEC's service territory. Visit [pec.coop/contact-us](http://pec.coop/contact-us) for more information.