




Your Touchstone Energy® Partner 

**AREA COVERAGE AND BOUNDARIES
EXTENSION OF ELECTRIC FACILITIES**

Policy No. 304

I. OBJECTIVE

To confirm the obligation of the Cooperative to provide electric service to all qualified applicants within its service area.

II. POLICY

A. Permanent Line Extension

The Cooperative will pay for the first 500 feet of a line extension requested by a member. The member is obligated to pay the balance. The member's share of line extension costs shall be due and payable as follows: (i) 15% of member's share of the total cost will be paid before construction begins; (ii) the balance of the member's share will be due and payable upon completion of the line construction.

B. Permanent Line Conversion/Upgrade for Existing Service Capacity

Where a member presently has electric service and requests the Cooperative to convert the existing line for additional capacity, the Cooperative will pay for the first 500 feet of a line conversion requested by a member. For line conversions over 500 ft, the balance, as determined by the Cooperative, will be cost shared equally by the member and the Cooperative with no deduction made for the age of the line. The member's share of line conversion costs shall be due and payable as follows: (i) 15% of member's share of the total cost will be paid before construction begins; (ii) the balance of the member's share shall be due and payable upon completion of the line construction.

C. Permanent Line Extensions for Distributed Generation Systems

Where the Cooperative is requested to install electric service to a distributed generation system that is interconnected to the Cooperative's system, the member requesting service shall pay 100% of the line extension cost before construction begins. Construction costs shall include labor, materials and overhead expense and all line distribution and apparatus plant required to install the electric service.

D. System Load Limitations, Load Balancing and Economic Considerations

When a member or potential member requests electric service from existing or new electric lines, and a) the load is of such a nature that it would cause or potentially cause the Cooperative problems in operating its electrical system in areas such, but not limited to, load balance, voltages, and system loading; or b) the size (kVA) and anticipated energy usage (kWh) of the load is of a minimal nature vs. the estimated investment for the line extension, the Cooperative will determine what changes or improvements are required to adequately serve the load. The requesting party may be required to share in the cost of those changes or improvements above and beyond the costs outlined in A through C above, up to 100% of the costs, depending

on the economic viability of the load being added to the system. The Cooperative will analyze each project on the merits of the load and make a determination on the aid to construction applicable to the requesting party.

E. Cost Reimbursements for Aid to Construction Contributions by Additional Members Served

When a member contributes to the construction of utility plant for service, consideration will be given for partial reimbursement of the amount paid if any additional members make use of that plant for electric service within five (5) years from the date of completion. A pro-rata amount will be collected from the subsequent member(s) utilizing that utility plant and a reimbursement made to the first member.

F. Financing Line Improvements

A member may request that the Cooperative finance up to 85% of the member's share of line extension or upgrade costs due under Parts A and B of this policy up to a maximum of \$15,000 per extension project. No loan will be approved if the total balance owing to the Cooperative by the member and the member's affiliates, if any, exceeds \$20,000.

If a member requests the Cooperative to finance the member's share of the balance of construction costs due on completion, the member must submit a loan application on a form provided by the Cooperative. The application must be approved before any line extension construction work is provided. The Cooperative is under no obligation to finance any portion of the member's share of line extension or upgrade costs, and may refuse to provide financing in its sole discretion. Ordinarily, the member and any other owner of the property served by the extension or upgrade, will be required to sign a loan agreement or promissory note, and such other documentation as may be required by the Cooperative to establish the terms of the of the loan. The Cooperative may require that the member pay a fee with each application for financing and each loan that is closed.

If the Cooperative elects to provide the financing, the member must pay the Cooperative the amount financed, with interest in equal monthly installments over a term agreed by the Cooperative and the member. Interest will accrue at a rate established, from time to time, by the Cooperative for loans made for the term of the applicable loan. Payment of the line extension charge will be due monthly at the time the energy charge is due and payable. Should payments made by a customer be less than the total balance due for both line extension and energy charges, payments will be applied first to satisfy all the interest on the line extension charge, then to reduce principal due on the line extension charge. After all installments of principal and interest then due have been paid, the remaining portion of the payment will be applied to the customer's energy charges.

Unless otherwise agreed by the Cooperative in writing, the entire principal balance and accrued interest owing for line extension fees will be due and payable upon destruction, abandonment, vacation or sale of the property served by the line

extension, or 30 days after notice of default in payment of the line extension fee. The Cooperative may exercise all rights and remedies it has for failure to pay energy charges, including without limitation, discontinuation of service, if any member fails to pay any installment owing under this provision beyond the cure period specified above.

G. Special Facilities

Where a member requests service that will require the Cooperative to invest in plant that is considered by the Cooperative to be of a specialized nature and not a standard Cooperative construction design, the member must pay the total cost or a portion thereof of the plant investment determined by the Cooperative to be special in design. The portion of the specialized costs the member must pay will be determined by the Cooperative on the basis of the energy the member is forecasted to consume at the applicable location, with larger energy consumers being required to pay a smaller portion than smaller energy consumers.

Special facilities also include transmission and/or distribution plant extensions for a single large commercial or industrial account. The Cooperative will require assurances of financial performance of the account to ensure that plant investment and wholesale power supply obligations for that account are met. The form of assurance may be unique for each such account and will be handled on a case by case basis.

For special facilities constructed to accounts having a peak demand greater than 2,000 kW, the Cooperative has the option of designing a customized rate that will assure recovery of investment and power supply obligations. The Cooperative reserves the right to determine whether the proposal to serve such an account is based on the Cooperative's existing wholesale power rate or is based on wholesale market conditions. In the latter case, any such proposal will be developed jointly with the wholesale power supplier and will be presented to the CCEC board for final approval.

H. At-Risk Construction, Permanent Facilities

Where a member requests service to permanent facilities and where the Cooperative determines its plant may be at risk due to conditions beyond its control, the Cooperative may require the member to pay for the line extension, either in whole or in part, prior to the extension being made. "At risk" is defined as potentially, either physical damage to the plant or premature abandonment/removal of the plant. "Conditions beyond control" of the Cooperative are incidents or changes that may arise from natural or man-made actions, such as floods, landslides, land development, or future land-use plans.

In situations where a member requests a permanent line extension, and the Cooperative engineering department determines its facilities for a line extension would be at-risk for longevity, the engineering department will prepare a recommendation for consideration by the Cooperative executive staff as to the

amount of the construction cost for the extension that would be the member's responsibility, up to 100%. The member shall have the opportunity to also address the Cooperative staff if so desired prior to it making a decision.

The Cooperative staff shall determine what, if any, aid to construction shall be the responsibility of the member for the line extension request.

I. Irrigation

It is recognized that irrigation systems using electric energy have a very low annualized load factor and require special consideration for distribution plant construction. The rates established for irrigation services take this into account by comparing the motor load to the distribution plant investment cost and establishing the higher of these two formulas during an initial contract period.

J. Non-permanent line extension - See Policy 306

III. RESPONSIBILITY

The President/CEO shall be responsible for the administration of this policy.

Policy assigned to the Operations & Administration Board Committee for periodic review.

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