

WASHINGTON ELECTRIC COOPERATIVE, INC. ("WEC" or "Cooperative")
East Montpelier, Vermont 05651
POLICY NO. 32

SUBJECT: REQUIREMENTS AND SPECIFICATIONS FOR ELECTRIC SERVICE
EXTENSIONS AND RELOCATIONS

DEFINITION: For purposes of this policy, the term "customer" means "member" if that person is presently receiving electric service from the Cooperative. If the person is not yet receiving service, the term means "applicant" or "prospective member" as appropriate.

CONTENT:

Section 1. Applicability

The requirements and specifications of this policy apply to all single-phase and multi-phase electric service extensions and/or relocations.

- (a) Electric Service Extension: The electric facilities required to connect the power line existing at the time of request for service to the customer's facility. The electric service extension will include all poles, primary wiring, secondary wiring, transformer(s), meter(s), right-of-way acquisition and clearing, trenching and backfilling, and any cost items associated with servicing a customer, including but not limited to legal fees and other approved fees as herein described, necessary court costs and any other costs associated with the collection of these fees, and required federal, state and/or municipal permits.
- (b) Electric Service Relocation: Any change in the location of a service facility requested by the customer which results in a one-time cost or expense to make the change.
- (c) Delivery Point:
 - 1. Overhead Service Installation: The delivery point shall be the weatherhead at the customer's structure (home, barn, shed, etc.)
 - 2. Underground Service Installation: The delivery point shall be where the customer's underground service conductors connect to the transformer's secondary bushings or to the Cooperative's Secondary conductors.

Electric service extensions or relocations will be constructed upon completion of the Cost Estimate for Electric Service Extension or Relocation (Attachment A), the Agreement for Energy Use Assessment Services, if applicable; the Application for Electric Service; any other required forms; acquisition of all required permits and right-of-way easements; and payment of all required fees and costs.

Section 2. Line Assessment Charges

Electric Service Extensions: Customers who request line extensions shall be responsible for **all** costs of the line extension, including any utility tax liability from contributions-in-aid-of-construction. Charges for an electric service extension shall be based on the actual costs to the utility. A customer shall be charged average costs for those elements for which average costs are specified in Attachment A. The cost of constructing the electric service extension, less the overhead service drop or credit as defined in (3) below, shall be paid by the applicant requesting the electric service extension before the start of construction through a contribution-in-aid-of-construction charge.

- (1) **Actual Cost:** The amount charged for an electric service extension based on the actual costs incurred by the Cooperative for material, labor, overhead, acquisition and clearing of rights-of-way, permits, leases, legal fees, required federal, state and/or municipal studies, and **any** other costs actually incurred in the construction of the electric service extension. Payment for the estimated cost of a line extension must be made before construction commences. The balance of any remaining amount due, or refund, must be paid within thirty (30) days of completion of the line extension.
- (2) **Average Cost:** The amount charged for an electric service extension based on the average cost for each construction element as stated on Attachment A. Using the average cost methodology, each line extension customer will only be charged for the construction that is necessary to construct the line in accordance with National Electrical Safety Code (NESC) and with Rural Utilities Service (RUS) specifications and engineering standards. Payment in full under the average cost option shall be made prior to the commencement of construction. WEC shall construct the line at the stated cost, but reserves the right to charge the applicant for actual non-construction costs incurred in connection with the securing of any permits, leases or easements, and required federal, state and/or municipal studies, including legal fees. A rolling average per construction element calculation plus incremental cost increases for labor, material and overhead is used for determining average cost. The average costs are reviewed and approved by the Board of Directors periodically, and filed with the Vermont Public Service Board.
- (3) **Overhead Service Drop or Credit:** The Cooperative shall furnish up to 100 feet of 100-ampacity overhead service wire from the initial customer connection with the Cooperative's secondary facilities to the Delivery Point (an overhead service drop). The overhead service drop is a minimum-size overhead secondary electrical extension and will not include poles, primary wiring, right-of-way clearing or acquisition, trenching or backfilling, or any other one-time cost item required to serve a customer's facility. For underground electric service installations, the Cooperative shall provide a credit equal to the cost of the overhead service drop. The Cooperative currently provides this credit in the form of labor to install the conduit and wire up the pole, and make necessary connections to WEC's electric distribution system. If the cost of a line extension is less than the cost of the service drop(s), the amount of the service drop shall be the same as the cost of the extension.

Line Relocations: For all relocated distribution lines that provide a benefit to WEC, customers

who request the relocation shall reimburse electric utilities for distribution line relocations through a contribution-in-aid-of-construction charge according to the following formula:

$CP_{TAX\ ADJ.}$	=	$New\ Line + PV_{DEP} - SV_{EXISTING} - PV_{FUTURE}$
Where:		
$CP_{TAX\ ADJ.}$	=	Customer Payment, adjusted for any utility tax liability
New Line	=	Total cost of relocating the line today
PV_{DEP}	=	Present value of any unrealized depreciation expense Associated with the existing line
$SV_{EXISTING}$	=	Salvage value of existing line (including line removal costs)
PV_{FUTURE}	=	Present value of the future replacement of the existing line, according to its original configuration

Payment for the estimated cost of a line relocation must be made before construction commences. The balance of any remaining amount due, or refund, must be paid within 30 days of completion of the line relocation.

Section 3. Preliminary Engineering and Cost Estimate Fee

An applicant who desires electric service or requests a line relocation shall pay an engineering fee in accordance with Attachment A, which will authorize the Cooperative to perform preliminary engineering sufficient to develop a cost estimate of providing electric service. If, after WEC performs preliminary engineering services, the applicant decides to abandon the project, the engineering fee will be non-refundable. If no engineering services have been performed prior to cancellation of the project, the engineering fee will be refunded. If the applicant subsequently authorizes the Cooperative to construct an electric service extension or relocation, WEC may require a prepayment equal to ten percent of the preliminary estimated cost before any additional engineering services are provided. This fee and subsequent prepayment will be credited to the customer against the total cost of the new line extension or relocation.

Section 4. Cost Recovery Period for Contribution-in-Aid-of-Construction:

Whenever more than one customer is connected to a customer-financed line extension, total contributions-in-aid-of-construction shall be computed to yield to the utility not more than the total cost of extending or expanding service to the new customer, less the service drop credit. Amounts to be collected from new customers connecting to customer-financed lines shall be computed as follows:

1. For a period of five (5) years from the completion of construction of a line extension, reimbursement from the new line extension customers to those customers entitled to reimbursement shall be based upon an equal sharing of the full cost of construction of the subject line extension, adjusted to the percentage used of that line extension to the point of

connection.

2. For a period of ten (10) years immediately following the initial five (5) year period discussed in (A) above, reimbursement to customers entitled to reimbursements shall be based upon an equal sharing of the full cost of construction of the subject line extension depreciated at a straight line rate to zero at the end of the ten (10) year period, also adjusted to the percentage of the line extension used to the point of connection.
3. For each new transaction (defined as one or more new connections at the same time and location) involving a line that is subject to contribution-in-aid-of-construction payments for new connections within the 15-year reimbursement period, an administrative fee of \$75.00 shall be retained by WEC from the total amount to be reimbursed to customers entitled to reimbursements. If the total amount of all reimbursements owed for each transaction is less than the WEC's administrative fee, no reimbursements should be made.
4. All line extension reimbursements shall be paid by WEC to the current owners of the dwellings or structures served by line extensions that are subject to reimbursement payments for new connections, except that reimbursement payments shall be made to any customer who paid for or contributed to the costs of line extensions and who subsequently sold the dwellings or structures originally served prior to the effective date Vermont Public Service Board order dated September 21, 1999, in Docket #5496.
5. Change in Presumption as to Reimbursements for Contributions-in-Aid-of-Construction: The presumption regarding reimbursements for customer financed lines shall be changed if there is a grantee/grantor relationship between the person connecting to a customer financed line and the person who originally paid for the line to whom a reimbursement would otherwise have been due. In such cases, no reimbursement shall be collected from the connecting customer or paid by the WEC to the grantor.

Section 5. Interest on Customer Funds Held by WEC

1. No interest shall be paid on an initial "engineering fee" required (see Section 3).
2. No interest shall be paid on funds received in advance of line extension construction and used for the purpose of ordering long lead time specialty items necessary for the subject line extension.
3. With the exception of (1) and (2) above, interest shall be paid at the rate of 1% per month to line construction applicants on funds received in advance of construction (unless returned to the customer due to perceived delays). This interest shall be applicable sixty (60) days after the payment is received by WEC to the date the line extension construction or relocation commences. No interest shall be paid by WEC under this provision as a result of construction delays beyond the control of the Cooperative.
4. Interest to be paid on funds received more than sixty (60) days in advance of the commencement of the line extension construction may be waived by customers seeking

priority status for construction at a specified time as agreed to by both the customer and the WEC.

Section 6. Construction Standards

Construction of all electric power lines shall be in compliance with the latest edition of the NESC **and** RUS specifications and engineering standards. Any electric power line that fails to meet NESC and RUS standards will not be physically or electrically connected to the Cooperative's electric power system.

Installation of Conduit: WEC requires all underground primary line extensions to be installed in conduit. The additional cost for installation of this conduit shall be shared equally between the customer and the Cooperative. This charge applies to the cost of the conduit and installation only, and will not apply to the cost of trenching, preparing the trench, covering it with sand, backfilling, etc.

Section 7. Considerations in the Design and Siting of Line Extensions

(1) In determining the appropriate design and siting (e.g., whether roadside or off-road and overhead or underground) of electric distribution line extensions and relocations of line extensions, WEC shall consider: maintenance and reliability; worker and public safety; aesthetics; cost; customer, landowner and municipal preference; and environmental and land use implications.

(2) When a customer requests an electric line extension, WEC shall inform the customer in writing of the customer and Cooperative rights, responsibilities and options for line extensions, including but not limited to: payment terms; easement and right-of-way information; contribution-in-aid-of-construction; basic information about design, siting and location, such as overhead or underground placement; and road-side or off-road siting; and how to contact the Vermont Department of Public Service Consumer Affairs Division by toll-free phone or in writing in the event of a dispute.

Section 8. Permits

All required federal, state and local permits shall be obtained in the name of Washington Electric Cooperative. WEC shall inform the applicant in advance of any costs anticipated to be incurred in connection with the securing of any permits, leases or easements, and required federal, state and/or municipal studies, including but not limited to legal fees. If applicant authorizes WEC to proceed with obtaining the required permits, etc., applicant shall be responsible for actual costs incurred by the Cooperative, regardless of the estimate. If for any reason the Cooperative is unable to obtain required permits, leases, easements, studies, etc., in a timely manner, the Cooperative may assign the acquisition or application process to the applicant.

The Cooperative reserves the right to prepare and file, on behalf of the person requesting an electric service extension or relocation, a "Minor Application" for an Act 250 Land Use Permit, if the Cooperative determines that the proposed project will not present any significant adverse impact under any Act 250 review process by the district commission. If the district commission

subsequently finds that substantive issues relative to the project require the presentation of further evidence or a hearing, then the applicant shall be responsible for paying all costs incurred by the Cooperative to defend the application, including but not limited to legal fees.

Section 9. Construction by Other Contractors

WEC permits customers to hire private contractors to construct line extensions. WEC requires that all such line extensions be planned and designed by WEC at the customer's expense. The Cooperative shall monitor all line extension installations to ensure that construction is in conformance with NESC and RUS line construction standards. Any electric power line that fails to meet these standards and is not approved for acceptance by WEC, will not be physically or electrically connected to the Cooperative's electric power system.

All costs for planning, designing and monitoring the line construction, and all other related services and/or material, as well as final inspection, shall be borne by the customer based on actual costs incurred by the Cooperative. Payment of the estimated cost to be incurred by the Cooperative must be made before construction commences. The balance of any remaining amount due must be paid in full within 30 days of completion of the line extension.

All perpetual right-of-way easements must be secured in the name of Washington Electric Cooperative (except in cases where the customer retains ownership of the line, Section 10), and must satisfy the Cooperative's right-of-way easement requirements and be on a form supplied or approved by the Cooperative.

It is required that all right-of-way clearing and electric power line construction for attachment to the Cooperative's electric system shall be inspected and approved during the construction period by an employee or agent of the Cooperative who is familiar with specifications, techniques and requirements. The designated employee or agent assigned to perform the inspection will be assigned from commencement of the project to completion and acceptance, whenever possible.

Upon approval, the Cooperative shall make all electrical connections from the Cooperative's electric system to the new electric power line extension. Once the new line is energized, WEC shall assume full ownership of the new line, which shall be treated as an integral part of WEC's electric distribution system. No work will be performed on any Cooperative poles, equipment, structures, substations, etc., by persons other than the Cooperative's employees or its designee.

Section 10. Ownership of Facilities

As a general rule, WEC shall retain ownership for all primary lines connected to its electric distribution system. Residential customers shall not own primary lines (overhead or underground) that are installed after October 1, 2008. In cases where the Cooperative and customer agree that private ownership of a primary overhead or underground line is appropriate, the customer must petition the Vermont Public Service Board for a waiver of this provision prohibiting ownership of overhead or underground lines. However, no such petition shall be required for a customer to extend or connect to a line already owned by that customer. If the Vermont Public Service board approves private ownership of an overhead or underground line, those customers owning such

lines must agree to abide by the following terms:

1. Customers desiring to own their own line shall assume full ownership and responsibility for the entire facility, including all electrical equipment. In no case shall WEC assume ownership or liability for any portion of the private line.
2. The customer may choose to have the line constructed by a private contractor in accordance with Section 9, or may hire the Cooperative to construct the line. If constructed by the WEC, ownership of the line will be transferred to the customer at the time the new line extension is energized.
3. Customers are encouraged to enter into a maintenance contract with the Cooperative, authorizing WEC personnel to maintain, repair, and replace defective equipment as necessary, including right-of-way reclearing.
4. In the event of a power outage, repairs to facilities for the purpose of power restoration shall be as follows: First priority will be lines owned by WEC and privately owned lines of those members who have maintenance contracts with WEC. Repairs to privately owned lines of those members who do not have a maintenance contract with WEC will be on a request only basis.
5. As a service to customers of privately owned lines, WEC shall remain the contact entity for marking the line under the "Dig Safe" program. WEC reserves the right to bill the customer for actual costs incurred for this service.
6. No work will be performed on any Cooperative poles, equipment, structures, substations, etc., by persons other than the Cooperative's employees or its designee.
7. At no time shall the Cooperative be responsible for such customer-owned line nor shall the Cooperative be liable for any claims by any persons relating in any way to the customer-owned line.

Section 11. Energy Use Assessment Fee for Residential New Construction

Any applicant who desires residential electric service, as specified in the Cooperative's New Construction Program as currently approved by the Vermont Public Service Board, shall complete an Agreement for Energy Use Assessment Services, hereinafter referred to in this section as "the Agreement", and pay a nonrefundable Energy Use Assessment Fee of Three Hundred Dollars (\$300.00), hereinafter referred to in this section as "the fee" (except for waivers as provided below). The Agreement will authorize the Cooperative to perform a site and building plan review, to provide technical consultation services designed to assist the applicant to meet the performance standards established for the Cooperative's New Construction Program, as provided state-wide through the Vermont Energy Star Homes (VESH) program. The Cooperative will provide all services required in the Agreement at no additional charge to the applicant. If the applicant meets the performance requirements of the Cooperative's New Construction Program, the applicant shall be eligible for the current program performance incentive payment.

Optional Compliance: Upon completion of the Agreement and payment of the Fee, the applicant for electric service shall be under no further obligation to meet the performance requirements of the Cooperative's New Construction Program. If the applicant chooses not to enroll and further participate in the New Construction Program, then the applicant shall not be eligible for the New Construction Program performance incentive payment. Under no circumstances shall any applicant for electric service be eligible for any refund of the fee, except when the entire membership application is withdrawn due to an applicant's decision not to proceed with construction.

Waivers: In the event the application for electric service has been made to provide electric service to a mobile home, a low-income applicant, or as otherwise provided in said program, the Cooperative will waive the Energy Use Assessment Fee provided for in this policy.

Section 12. New Construction Program Performance Incentive

Any applicant for electric service whose building as constructed meets the performance standards established by the Cooperative's New Construction Program, as provided state-wide through the Vermont Energy Star Homes (VESH) program and as approved by the Vermont Public Service Board shall be eligible for incentive payments then currently provided by the Cooperative which shall be paid immediately by the Cooperative upon certification of building performance, as specified in the Agreement.

Section 13. Abandonment of Electric Service Extension or Relocation Projects

If the construction of an electric service extension or relocation does not commence within six (6) months following the date of a Cost Estimate for Electric Service Extension or Relocation (Attachment A), the project may be considered abandoned and the Agreement expired, unless extended by the Cooperative for a period not to exceed two years. In the event the Cooperative extends the Agreement due to delays in acquisition of federal, state or local permits or right-of-way easements, the applicant will be assessed the current construction charges in effect at the time of commencement of construction. If the project is abandoned and the Agreement expires, the applicant must pay the Cooperative all amounts due for services previously rendered, or the Cooperative will refund the applicant any amount collected over and above expenses actually incurred through the date of abandonment.

Section 14. Information Regarding Line Extension Alternatives

Upon request, WEC shall provide relevant information in writing with respect to off-grid electric generation alternatives.

Section 15. Customer Information for Line Extensions:

To explain utility line extension policies adequately to its customers, WEC shall develop a comprehensive information booklet or brochure for line extension customers that fully explains its line extension policies and their rationale. This booklet shall explain that WEC will, to the extent possible, try to accommodate individual customer line extension needs, but that no deviations will

be granted that will result in significant additional maintenance problems for the utility, and additional costs resulting from the accommodation will be the responsibility of the customer.

Section 16. Effective Date

Applicants who have executed agreements prior to the effective date of this Policy shall continue to be billed and to be paid refunds, if any, in accordance with the terms of their agreements. This Policy shall be effective as of October 1, 2008.

Section 17. Policy Distribution

The Cooperative shall provide a copy of this Policy to each applicant who is required to pay an Energy Use Assessment Fee or a contribution-in-aid-of-construction charge.

Section 18. Record Keeping

The Cooperative shall keep a record of its costs resulting from electric service extensions for inspection by the Vermont Public Service Board and shall file such information with the Vermont Public Service Board as a part of each annual report.

Section 19. Public Service Board Ruling

When the application of this Policy appears impractical or unjust, and issues cannot be resolved between the applicant and the Cooperative, any party affected by such application may refer the matter to the Vermont Public Service Board for a ruling or for the approval of special conditions. An appeal to the Vermont Public Service Board does not release the applicant from payment obligations in accordance with this policy.

RESPONSIBILITY: General Manager

WEC BOARD APPROVAL: July 30, 2008

EFFECTIVE DATE: October 1, 2008

Prior Approval: January 26, 2000

WEC Board Approval: February 25, 2004

DPS Approval: April 5, 2004

PSB Approval: April 14, 2004