

EAST CENTRAL OKLAHOMA ELECTRIC COOPERATIVE, INC.
OKMULGEE, OKLAHOMA

POLICY C-14

LINE EXTENSION

This Line Extension Policy supersedes any rules or policies previously adopted by the Board of Trustees of East Central Oklahoma Electric Cooperative, Inc. (the “Cooperative”) either written or implied, pertaining to extension of electric distribution lines. The Board of Trustees of the Cooperative reserve the right to amend all or part of this policy at any time as it sees fit, absolute discretion.

I. OBJECTIVE:

The Board of Trustees shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative’s service area, who (a) desire such service, and (b) meet all reasonable requirements established by the Cooperative as a condition of service. This policy has been established to cover all classes of electrical service in a way that preserves the Cooperative’s assets, and has an equitable affect upon existing Cooperative members.

II. POLICY CONTENT:

The purpose of this line extension policy is to govern the construction of distribution line extensions to all residential, commercial and industrial customers.

III. DEFINITIONS:

Aid to Construction: a fee paid by the customer to help cover the costs of extending electric lines. This fee is non-refundable and must be paid before construction begins.

Covenant: an understanding of the appropriate use of the land as stated in the line extension agreement.

Customer: as referred to in this document is any member, person, group, developer, government entity, or any other legal entity applying to the Cooperative for a Line Extension.

Easements: an easement is a permanent right authorizing a person or party to use the land or property of another for a particular purpose including but not limited to the construction, maintenance and operation of transmission and distribution of electric energy.

Line Extension: includes all facilities and equipment (including transformers and metering) constructed beyond the Cooperative’s then existing facilities reasonably required to supply electrical service to an applicant’s point of delivery.

Ownership of Facilities: Cooperative will own, operate, and maintain all Line Extensions made under this Policy.

Right-of-Way: the actual land area acquired for a specific purpose, such as a transmission line, roadway or other infrastructure. The voltage and the type of transmission structure being built determine the size of the right-of-way.

IV. POLICY:

A. GENERAL

The Cooperative extends its distribution facilities as required to serve a Customer's requested load in accordance with the following line extension provisions.

The cost of construction as defined here, except where specifically indicated below, will be the total cost of extending service to a customer, including, but not limited to, the cost of metering equipment, transformers, all distribution primary and secondary facilities, right-of-way clearing, engineering cost, trenching, upgrade of existing facilities required to serve the load, and all other costs of construction. This cost includes only the cost of facilities 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.

It shall also be the Customer's responsibility to obtain, and pay for, other easements or right-of-way (ROW) across "others" (private, public, etc.) property.

B. PERMANENT RESIDENTIAL SERVICE

The Cooperative will construct a new extension to serve a single- or multi-family residence under the following provisions:

1. Definition

Residential means any dwelling unit containing kitchen appliances, septic facilities and water service utilized on a year-round basis for residential purposes. Not included in the term "residential" are motels, rooming houses, recreational vehicles and mobile homes with no reliable support or attachment to the earth. This section excludes residences located within platted residential additions, subdivisions, development areas or mobile home parks as covered in section 403.1.

2. Applicability

To qualify as an extension to a permanent residence, the location where Customer is requesting service shall be a permanent installation; and shall be a single- or

multi-family dwelling unit not combined with or attached to other residential units; and if located within a subdivision, the developer must have complied with the residential subdivision line extension policy of the Cooperative and paid all aid to construction required therein.

3. Facilities Charge

The Cooperative will contribute up to \$3000 to extend service to a permanent residential consumer. Any additional costs of construction in excess of the Cooperative's contribution will be paid by the Consumer in advance unless a deferred payment plan is executed. All amounts paid to the Cooperative for construction shall be non-refundable.

C. NON-PERMANENT AND TEMPORARY LINE EXTENSIONS

1. Non-Permanent and Low Usage

The Cooperative will contribute up to \$250 to extend service to serve non-permanent and low usage installations. Any additional costs of construction in excess of the Cooperative's contribution will be paid by the consumer in advance. Examples of non-permanent and low usage installations include, but are not limited to barns, shops, water wells, fence chargers, travel trailers, etc.

2. Oil & Gas Pumping and/or Pipeline Usage

The Cooperative will construct a new extension to serve oil and gas pumping and/or pipeline installations provided the Customer shall pay in advance as a non-refundable aid in construction 100% of the actual cost of all construction.

3. Temporary Line Extensions

The Cooperative will construct a new extension to serve temporary installation provided the Customer shall pay in advance as a non-refundable aid in construction 100% of the actual cost of all construction plus the cost of removal, less the salvage value of the transformer. Deferred payment is not available for temporary line extensions. Examples of temporary line extensions include, but are not limited to asphalt plants, construction power, fireworks stands, etc.

D. RESIDENTIAL SUBDIVISION DEVELOPMENTS AND MOBILE HOME PARKS

1. Applicability

The Cooperative will construct a new extension to provide service within platted residential additions, subdivisions, development areas or mobile home parks, when five or more contiguous lots are sold and are scheduled for immediate construction, under the following conditions:

- (a) The development is a platted residential subdivision to be primarily used or developed for single or multi-family residential dwelling units, which meet

requirements set forth for a Permanent Installation and a Permanent Electric Service;

- (b) The development has an approved water and sewer system and improved roads;
- (c) The land developer shall establish credit, execute an electric service agreement, and comply with all other applicable provisions of the Service Rules and Regulations of the Cooperative;
- (d) The development, in the Cooperative's judgment, is not unduly speculative and will be developed in a planned manner;
- (e) The Cooperative may at its sole discretion require a contract with the developer providing a guarantee that all terms will be met. Where a contract is required, the developer shall agree to refund to the Cooperative the per lot contribution provided by the Cooperative, as discussed in section D-2, for any lot not developed, sold and occupied at the end of the contract period;
- (f) The Cooperative at its sole discretion may install either a front or rear lot system;
- (g) The Cooperative shall furnish a meter base for each mobile home site;
- (h) The developer provides at no cost to the Cooperative:
 - (1) Right-of-way easements and covenants on owner's property that are satisfactory to the Cooperative;
 - (2) Coordination between utilities so the Cooperative can make the installation with a minimum of delay and expense;
 - (3) 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 and survey points for grades, lot corners, street ROW, and other locations reasonably necessary for installation of the electric system;
 - (4) Adequate breakers and receptacles at each mobile home site.

2. Facilities Charge

The Cooperative will contribute up to the amount indicated in section B-3 per lot to extend service to the development. Included in such amount, developers will receive allowances to aid with amenities used to develop and market the subdivisions. These allowances shall be uniform in the per lot amount and provided to developers of all residential subdivisions. Any additional costs to provide service to the development in excess of the Cooperative's total of per lot contributions will be paid by the developer in advance. All amounts paid to the Cooperative for construction shall be non-refundable.

E. ALL OTHER EXTENSIONS

A contribution in aid of construction for provision of electric service is required for all extensions other than those provided for in other sections of this policy if

estimated annual revenue from Customer, excluding purchased power cost, is less than the revenue requirement associated with the Cooperative's system and direct investment costs of providing service to Customer. 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 = Annual Revenue / Return Factor
Total Project Cost = Direct Cost + System Cost
Customer's Contribution = Total Project Cost – Cooperative's Allowable Investment

Where:

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

Annual Revenue = Annual revenue from the Customer 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.

Any additional costs in excess of the Cooperative's contribution will be paid by the Customer in advance unless a deferred payment plan is executed. All amounts paid to the Cooperative for construction shall be non-refundable.

For Customer's 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. Special contractual arrangements will be made with the customer and may include contribution in aid

of construction paid in advance of construction or as a monthly facilities charge, special contract minimums, special service specifications, special contract terms, or other arrangements or conditions deemed reasonable by the Cooperative.

F. UNDERGROUND SERVICE

The Cooperative may furnish, install and maintain the underground service conductors from its distribution system to the meter base or such other point of delivery as approved by the Cooperative, provided soil conditions are suitable and underground construction is economically and technically feasible for the Cooperative.

The Customer shall pay the full cost of any future maintenance, repair and/or relocation of conduit, conductor and any cooperative facilities, if an obstruction has been installed after the initial underground installation, including the cost of removing and/or replacing the obstruction.

The Cooperative shall determine at its sole discretion if primary or secondary underground shall be used and the type and location of the transformer.

Where an existing Customer with an overhead service shall request installation of an underground service, the Customer shall pay in advance the full cost of installation of the underground facilities and in addition pay the cost of the unused life and the removal cost of the existing overhead facilities.

Where a Customer has an existing overhead service that, in the Cooperative's sole judgment, requires replacement, and the Customer requests replacement with an underground service, the Customer shall pay the full actual cost of the project less such amount as would have been the Cooperative's obligation if the service had been provided from overhead facilities.

G. OWNERSHIP OF FACILITIES

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

H. RELOCATION OR UPGRADE OF FACILITIES

The Cooperative will relocate its facilities on Customer's premises at Customer's request provided Customer has provided a satisfactory easement for the new facilities and paid in advance and in full all costs for the removal of the old facilities, less salvage value, and all costs for the construction of new facilities.

If the Cooperative determines it is necessary to move its facilities because Customer fails or refuses to allow the Cooperative access to Cooperative's facilities at any time then Customer may be billed the actual cost of relocation.

If the Customer requests or the Cooperative determines an upgrade of existing energized facilities, and/or upgrade or repair of idle facilities, is reasonably necessary, the Customer shall be required to pay the lesser of the total cost of such upgrade and/or repair or the cost of construction of new facilities, at the sole discretion of the Cooperative. Exceptions shall be approved by the General Manager and/or Director of Operations.

I. DEFERRED PAYMENT PLAN (RESIDENTIAL ONLY)

The Cooperative may, at its sole option, enter into a deferred payment plan with the Customer for all or a portion of any amount required to be paid as aid-to-construction. The Customer shall sign a contract guaranteeing payment of the full amount. Deferred payment plans shall not be made for line extensions of less than one thousand dollars (\$1,000). Deferred payment plans shall not be made unless the Customer has established satisfactory credit with the Cooperative.

V. RESPONSIBILITY:

The General Manager shall be responsible for the administration of this policy.

VI. BOARD REVISION POLICY:

This policy was revised by on May 27, 2016.

Approved by the Board of Trustees
May 27, 2008 as Policy C-14

Revised May 27, 2016