



Wheat Belt Public Power District Board of Directors Policy

Policy: **C-1**

Title: **Line Extension**

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OBJECTIVE: To establish procedures to govern the extension or upgrade of Wheat Belt's electric distribution system to serve customer loads.

ACCOUNTABILITY: The General Manager.

DEFINITIONS:

1. **Line Extension** is the construction of new facilities or modification to existing facilities to service a new load.
2. **Estimated Line Extension/Service Upgrade Costs** are all costs of labor, material, equipment and overheads associated with the construction and retirement of facilities to serve a new load. These costs will be calculated using experience-based average costs for similar facilities.
3. **Service Classifications** for the purpose of this policy are:
 - a. **Permanent Service** – A line extension to serve a customer where the amount of usage and permanency of the period of usage can reasonably be assured.
 - b. **Temporary Service** – Any service whose expected period of usage will be less than two years. All construction costs, retirement costs and unsalvageable material costs to serve a Temporary Service must be paid in advance of construction.
4. **Rate Class** is determined by the size of service and classification given by Wheat Belt Public Power District based on similarity of service, and RUS revenue classifications.
5. **Averaged Rate Class Credits** will be 50 percent of the sum of five years of estimated average revenue less cost of power under current rates within a Rate Class. The credit will be adjusted annually at year-end.
6. **Earned Credits** are one third of the Averaged Rate Class Credits and will be given to the customer at the time of the line extension, with a required three-year guaranteed minimum payment contract.
7. **Refundable Credit** is the remaining two-thirds of the Averaged Rate Class Credits and is payable to Wheat Belt PPD at the time line extension contract is executed and is subject to refund over time. The Refundable Credit is refundable under the following conditions:
 - a. to the original owner who remains the current owner,
 - b. once the service has fulfilled the three-year contract period.
8. **Earned Refund Payments** are when a Line Extension Agreement exists and new Permanent Services are served/added from said agreement within the first three years.

SCOPE:

This policy only applies to Permanent Services.

The Earned Credit is applied to the estimated line extension cost before the Line Extension Agreement is executed. The remainder of the estimate is owed to WBPPD at the time the Line Extension is executed. Once the service has fulfilled the original three-year contract period, the Refund Credits will begin to be applied to the service at the end of the fourth year of service. All payments in excess of the estimated Earned and Refundable Credits will be retained by WBPPD.

All line extensions and major service upgrades must have a Service Classification determined by a representative of WBPPD prior to the start of construction. Service Classification will include a determination by WBPPD of the Averaged Rate Class Refund Credit and estimated Line Extension Costs. A credit of one-third of the cost will be allowed by contract with a guaranteed payment requirement for the first three years of service. A Line Extension Agreement must be executed by the customer and WBPPD to establish the terms of payment based on the first three-years of the guaranteed monthly payment to equal the credit allowed.

Line extension credits cannot exceed the cost of the line extension. The full credit amount is determined at the time of the execution of the line extension. The maximum amount of Earned Credit by the District will not exceed \$1,000,000.

The Refundable Credit will be allocated until such time the full earned refund credit is given, or until the end of the tenth year of service. Refund credits will be credited to the service annually on a monetary basis through a bill adjustment following the fourth year of service and every year thereafter until the end of the tenth year of service or until the full earned refund has been given. The connect date will be used to calculate the beginning of the refund period.

All distribution facilities constructed by WBPPD to serve its customers will conform to the terms and conditions of this policy. This policy will apply to all customer classes and will supersede any and all other WBPPD Policies where a conflict exists.

Earned Refund Payments or billing adjustments may be made on a prorated basis. The line Extension Agreement will specify the terms of the earned refund payments or adjustments.

A request for service that is not available under WBPPD's existing Policies or Rate Schedules may be provided for by special contract subject to approval by the WBPPD Board of Directors. The special contract will specify the estimated Line Extension/Service Upgrade costs.

No line extension will be constructed until all requirements of this Policy have been met.



President



3-24-23

Date