

GARKANE ENERGY COOPERATIVE, INC.

BOARD POLICY NO. 206

ELECTRIC SERVICE REGULATION NO. 69

STATE OF UTAH

LINE EXTENSION POLICY

A. General Provisions and Definitions:

1. 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. A Line Extension may also include related necessary improvements, upgrades and other changes to the Cooperative's existing facilities.
2. Permanent Service: when the use of service, both as to amount and permanency, can be assured.
3. Indeterminate Service: where the amount and permanency of use cannot reasonably be assured. Includes but is not limited to, service to mines, quarries, oil wells, industrial, manufacturing and large commercial enterprises of speculative character, recreational vehicles, second homes, property being developed for sale, enterprises where the applicant will not be the user of service, and a location where there is little or no immediate demand for service by any other applicant. If after 5 years an indeterminate service operates consistently and if the customer requests the account to be considered permanent, the Cooperative CEO may analyze the account and determine the possibility of changing the service to permanent status. If a reclassification is approved, a partial cash refund may be considered.
4. Temporary Service: where service is expected to be needed for a short duration. Includes but not limited to service to circuses, bazaars, fairs, concessions, and construction work.
5. Extension Cost: The Extension Cost is the total cost of the Line Extension using the Cooperative's standard accounting methods and includes the cost of all materials, supplies, equipment, labor, transportation, engineering, right-of-ways, administrative costs and Contribution refunds paid for prior line extensions utilized by the new service.
6. Engineering Costs: includes the cost of designing, engineering, right-of-way acquisition, preparation of estimates, construction supervision, and construction inspection of a line extension. The Cooperative may require the applicant to advance these estimated costs prior to performing any engineering work or estimates for a line extension. If the applicant requests changes which require

additional estimates or changes in engineering, the Cooperative may require the applicant to advance these estimated cost prior to performing the additional work.

7. Routes, Easements, and Rights-of-Ways: The Cooperative will select the route of a line extension in cooperation with the applicant. The applicant must pay all costs incurred in obtaining the necessary right-of-ways, easements, licenses, and permits including, but not limited to, legal costs, filing fees, title search fees, environmental compliance costs, surveying costs, land preparations costs and land restoration costs.
8. Non-Standard Construction: This Policy shall apply to Line Extensions utilizing the Cooperative's standard construction methods and practices. Any requirements for non-standard construction methods and/or practices will require a separate specific contract.
9. Extension Contract: The Cooperative may require the Applicant to execute an Extension Contract and pay additional costs associated with the Line Extension, which are in excess of the Rate Schedule charges.
10. Contribution-in-Aid-of-Construction (Contribution): Extension Costs paid to the Cooperative by the Applicant.
11. Ownership of Facilities: The Cooperative will own, operate, and maintain all Line Extensions made under this Policy.
12. Estimates: Applicants are to rely only on formal written cost estimates provided by the Cooperative.
13. Relocation of Lines: Parties requesting the relocation of lines and/or facilities shall normally be responsible for the cost and may be required to advance the estimated cost of the relocation.
14. Underground Line Extension: The Applicant will be required to provide, at no cost to the Cooperative, all required excavation, bedding materials, backfill of trenches, and cleanup/restoration of disturbed ground.
15. Shared Cost of Line Extensions: An applicant that pays a Contribution may receive refunds if additional services are connected to the line extension during the first five years following construction. The refund will be based upon the pro-rata share of the line extension, which the new service will utilize. The Cooperative will refund or credit refund payments to the initial applicant.

In order for a customer to qualify for a refund, the following requirements must be met:

- 1) The minimum cost of the line extension, excluding service cost, must be greater than or equal to \$5,000.
- 2) The amount eligible for a refund shall be based on the actual cost of a per span basis.
- 3) Refunds must equate to \$300.00 or more

- 4) If the customer's account is in arrears at any location or on any account where they are responsible for electric service at the time a refund is due, said refund will be applied first to the electric account/accounts and the remainder will be refunded.

B. Extensions for Permanent Service:

1. The applicant must pay a Contribution, prior to the start of work on the line extension, equal to 100% of the estimated Extension Cost of the line.

C. Extensions for Indeterminate Service:

1. The applicant will be required to pay a Contribution, prior to the start of construction, equal to 100% of the estimated Extension Cost of the line.
2. In the event an indeterminate service is reclassified to permanent service, the provision for permanent service shall apply after the date of the reclassification.
3. Property being developed for sale for future real estate lots will require a Contribution to be made by the sub-divider and/or land owner to cover the total cost of all facilities necessary to provide power to the proposed lots including primary and secondary lines and transformers. Transformers will not be installed until necessary for service to specific sites. In the event that the sub-divider and/or landowner fails to pay for the installation of the required facilities, each Applicant will be treated individually under the Policy.

In new subdivisions impact fees shall be assessed to the subdivision developer. The subdivision developer shall pay the required impact fees for a minimum 100 amp service per lot. Once the lot has been sold and the lot owner requests service to the lot, the lot owner will be required to pay any additional impact fee based on his/her service requirements over the minimum 100 amp service paid by the subdivision developer.

D. Extensions for Temporary Service:

1. The applicant must pay in advance of construction an amount equivalent to Cooperative's estimate of the total cost of construction and removal of the extension less estimated salvage value.
2. Service provided to a temporary extension shall be billed in accordance with the applicable rate schedules.
3. Cooperative may refuse to connect additional applicants to temporary extensions.
4. Service over a temporary extension is limited to twelve (12) months. If the applicant desires service thereafter, future service will be considered under the terms of either the "Permanent" or "Indeterminate" plan.

- E. Large Industrial Loads: Large industrial loads involving special construction or circumstances will be individually analyzed and may be served under a special contract.

Approved: Garkane Energy Cooperative, Inc. Board of Directors – July 28, 2008

Amended: Garkane Energy Cooperative, Inc. Board of Directors - December 22,2014