

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.
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. This advance payment will be applied to the Extension Cost. 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. Minimum Bill: The applicant must pay a Minimum Bill, as determined by the applicable rate schedule, beginning on the date service is made available and for so long as service is taken, but in no event for less than five (5) years. The Minimum Bill amount is in addition to any line extension contract costs.
12. Ownership of Facilities: The Cooperative will own, operate, and maintain all Line Extensions made under this Policy.
14. Estimates: Applicants are to rely only on formal written cost estimates provided by the Cooperative.
15. 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.
16. 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.
17. Refunds: 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 refund will be depreciated by 20% per year from the time the original line extension was completed. The Cooperative will refund or credit such payments to the initial applicant.

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.

2. If the estimated Extension Cost exceeds \$2,000.00, the applicant may either pay the required Contribution, or enter into an Extension Contract. The minimum monthly Extension Contract payment will include the amount required to amortize the unpaid Contribution balance plus interest over a period of not more than 60 months and in addition, the monthly bill for energy used, and/or Contract Minimum. The Applicant and/or Land Owner will be required to sign an Extension Contract. Any Extension Contract in excess of \$25,000 will require specific board approval.

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 subdivider 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 subdivider and/or land owner 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 eighteen (18) 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.

- F. Applicant-Built Line Extensions: The Applicant may contract with a properly Licensed and Approved Contractor in the respective State to build a Line Extension.
1. The Applicant assumes all risks for the proper construction of an Applicant-Built Line Extension. Before starting construction, the Applicant must furnish a Certificate of Coverage naming the Cooperative as an “additional insured” with a minimum coverage of \$1,000,000 per accident or injury. The Applicant’s Contractor must provide to the Cooperative a Certificate of Coverage for General Liability Coverage with a minimum coverage of \$1,000,000 per accident or injury. The Applicant’s Contractor must also provide evidence of Workers Compensation Insurance coverage. The Applicant may cancel the policy after the Cooperative accepts ownership of the Line Extension.
 2. The Cooperative will maintain a list of approved contractors. Contractors may be approved for overhead construction and/or underground construction. A contractor wishing to become approved must apply for approval with the Cooperative on an acceptable form. The contractor must provide evidence of current licensing as an electrical contractor. The contractor must provide evidence of acceptable construction of high voltage overhead and/or underground power lines utilizing RUS Construction Standards. The contractor must demonstrate knowledge of the National Electrical Safety Code. Contractors may be required to demonstrate proficiency in underground terminations. Contractors who do not perform work for the Cooperative for a period of two (2) years may be dropped from the approved list. Contractors dropped from the list may reapply.
 3. The Applicant must advance to the Cooperative the estimated costs for design, specifications, material standards and inspections of the Applicant-Built Line Extension. When all construction, inspection, and cleanup have been completed, the Cooperative will determine the actual costs incurred and may adjust a portion of the Applicant’s advance payment. If the actual costs exceed the Applicant’s advance, the Applicant may be required to pay the difference before the Cooperative will accept and energize the Line Extension. If the actual costs are less than the Applicant’s advance, the Cooperative will refund the difference.
 4. The Cooperative will determine the intervals and/or specific activities which will require on site inspection by the Cooperative’s personnel. The Applicant will be responsible to schedule these inspections at the required times. All inspections will be performed during normal working hours unless specific arrangements are made. A minimum of 72 hours notice to The Cooperative will be required to schedule an inspection. Additional random, unscheduled inspections by The Cooperative may also be performed without prior notice to the Applicant or Contractor. Underground Line Extensions may require that an inspector be continuously present whenever installation work is done.
 5. The Applicant-Built Line Extension must be constructed in accordance with The Cooperative’s design, Staking sheets, specifications, and material standards along the selected route. The Cooperative will not accept or energize the Applicant-

Built Line Extension if it does not conform to these requirements. Due to the specialized nature of 25 & 35 kV URD Cable and the limited availability of quality cable, the Cooperative will not accept Applicant Supplied 25 or 35 kV Cable. This cable must be obtained from the Cooperative. All transformers must be of all new manufacture, rewind transformers will not be accepted. All transformers must have manufacture certified losses which are lower or equal to the Cooperative's most current evaluated losses.

6. The Applicant must provide to the Cooperative all required rights-of-way, easements, and/or permits on the Cooperative forms, or forms acceptable to the Cooperative. Such documents shall be completely executed, notarized, delivered, and accepted by the Cooperative prior to the start of construction. An unencumbered title to the line and all associated parts and materials must be provided to the Cooperative prior to the line being accepted and energized.
7. Upon completion of construction the Applicant will notify the Cooperative and schedule a final inspection. Any deficiencies identified during the inspections must be corrected to the satisfaction of the Cooperative prior to Transfer of Ownership.
8. Upon approval of the construction by the Cooperative and receipt of all required written documentation, the Cooperative will assume ownership, maintenance, and operation of and energize the Applicant-Built Line Extension.
9. If within 24 months of the time the Cooperative energizes the Line Extension, it is determined by the Cooperative that the Applicant provided deficient material or workmanship in the Line Extension, the Applicant must pay the cost to correct the deficiency. At its sole discretion, the Cooperative may require that the Applicant provide a faithful performance bond before the Applicant begins construction. Such bond must remain in full force until the completion of any warranty period and/or warranty work is completed.
10. The Cooperative will calculate the value of an Applicant-Built Line Extension using its standard estimating methods. The Cooperative will use this Line Extension value to calculate pro-rates for refunds if any.

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