

II– EXTENSION POLICY

Rules, Regulations or Extension Policy

A. GENERAL

The Association proposes to provide service to all who desire it within the Association's service area at the lowest possible cost consistent with sound business principles, but subject to the rules and regulations as promulgated by the Association. The Association will make every effort to anticipate the growing energy requirements of its consumers in order to achieve the highest possible standards of quality and continuity of service by use of available technology.

Any time an application is made to extend the Association's electrical distribution facilities, the Association has the option, in any instance it deems appropriate, to obtain, from any applicant, the advance payment of an engineering fee to cover estimated costs of engineering design expenses; investigation costs incurred in connection with obtaining the necessary easements, licenses and permits; and such costs as may be incurred exploring various alternatives for service. The estimated engineering fee shall not be more or less than a minimum of \$150.00 or a maximum of 5% of the estimated construction costs. No fee or charge will be assessed for estimates not requiring field-work. The engineering fee will not be refunded.

B. SERVICE CLASSIFICATION DEFINITIONS

In considering extension of facilities, the Association will classify the service to be furnished as permanent or temporary.

- (1) PERMANENT includes service to irrigation, commercial, residential, stock wells, real estate subdivisions, oil production, mining, industrial and manufacturing consumers.
- (2) TEMPORARY includes service to consumers where the expected period of usage is 18 months or less, except in special cases where the period of usage may be longer than 18 months, such as at heavy construction projects.

C. APPLICATION OF POLICY

The provisions of this Extension Policy, subject to all other contractual obligations of the Association, are applicable to all line extensions made by the Association after this Policy is made effective, whether the extension is made to serve a Permanent Service or a Temporary Service.

D. EXTENSIONS TO PERMANENT SERVICE, TEMPORARY SERVICE

The Association will extend its facilities to provide service to applicants classified as

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“Permanent” or “Temporary” under the following terms and conditions:

- (1) The applicant enters into a written purchase agreement with the Association for electric service at the applicable rate schedule.
- (2)
 - (a) The total investment required to build any line extension for which application is made, will be paid by the applicant, as a contribution in aid of construction. The total cost to build the extension will be estimated and payment of the total estimated amount will be paid to the Association prior to construction of any facilities. The construction investment includes installation of transformers, meter pole and loop or meter pedestal, secondary overhead wire, or secondary underground wire installed in conduit, and all other incidental and other costs, charges, payment obligations, and fees incurred in designing and completing the construction of the extension; together with all fees and charges associated with the applicable rate class.
 - (b) The investment required to be paid in advance of construction to a service classified as Temporary Service shall include, in addition to the foregoing items of cost, the total estimated cost of removing the extension to the Temporary Service minus the estimated salvage value of the property and equipment capable of being removed and recovered.
 - (c) If a later comparison of the applicant’s advance contribution in aid of construction (which is based upon an estimate at the time of its advance) and the actual costs of the extension make it apparent that the advance contribution is more than the costs of construction, any excess contribution will be returned to the applicant.
 - (d) On the other hand, should the estimated advance payment, at any time, be determined to be insufficient to cover the Association's actual cost of construction, whether before or after commencement of the construction project, the applicant will be immediately billed for and pay the difference.
- (3) A developer of platted subdivision will be required to pay, in advance, a construction contribution sufficient to fully cover the cost of the basic backbone primary system to be installed. Future individual residential connections later made, including necessary transformers and service drops, will be extended under the provisions of C(2) above. Subdivision developers will not be eligible for any rebate of monies contributed to develop the backbone primary system in the subdivision.

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- (4) Where more than one consumer is to be served from a line extension at the time it is initially constructed, the construction costs of the entire extension will be prorated among the applicants. The amount of a prorated or proportional contribution payment by two or more consumers, served by and sharing the cost of an extension, shall be based upon an average cost per foot, or per pole basis, or by prorated proportionate shares of total consumer dollars invested in the extension.
- (5) Absent a written agreement providing otherwise, if, within a period of five years after the date of an agreement for the construction of a line extension, lines and facilities of one or more additional consumers are connected to and served from the previously constructed extension, each such additional consumer will be assessed and pay, prior to any construction to serve them, a line extension construction contribution substantially equal to a fairly prorated portion of the total cost of prior extensions, or portions thereof, utilized to provide service to the later connecting consumer(s). The amount of a prorated or proportional contribution payment by additional consumers connecting to a prior extension (one or more) shall be based upon an average cost per foot, or per pole basis, or by a proportionate share of the total consumer dollars invested in the prior extension(s) utilized to provide service to the later connecting consumer.
- (6) Absent a written agreement providing otherwise, for a period of five years from and after the date of an agreement for the construction of a line extension, any consumer (one or more) contributing to, or later sharing, the cost of the original extension is eligible for a rebate from the monies assessed and collected by the Association, in accordance with paragraph (5), above, as line extension fees from additional consumers who connect to a line extension after its initial construction. Any such rebate shall be prorated among, and rebated to, the previously connected consumers, based upon each such consumer's then current investment in the extension or extensions utilized, and the amount of the rebate shall be substantially equal to each prior consumer's prorated share of the monies so assessed and collected from a later connected consumer.
- (7) Absent a written agreement providing otherwise, after the fifth anniversary of date of an applicant's initial advance payment in aid of construction, no further rebate(s) will be made should there be later line extensions or service connections made to or utilizing that extension.

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