

**GENERAL EXTENSION POLICY  
FOR RETAIL ELECTRIC SERVICES AND FACILITIES**

The retail electric rates of the Nebraska Public Power District (District) are based on cost of service to deliver electric power and energy from existing facilities. The purpose of this extension policy is to establish general conditions under which the District will make extensions or additions to electric facilities and the general guidelines to be followed in determining a Customer contribution.

In general, the District will make permanent extensions of electric lines and facilities, without cost to the Customer, where the estimated revenue to be received from the service will provide an adequate and continuous return on the District's investment. The District reserves the right to determine the advisability and legality of making any extension. Extensions made by the District shall remain the property of the District or the municipality in accordance with existing agreements.

The Total District Investment in an extension shall mean the total estimated project cost including all materials, labor, applicable overheads, and non-betterment costs to serve a proposed load, but excluding Customer provided facilities and costs described in paragraph I.C.2 (Extraordinary Construction Costs) and I.C.3 (Underground Extensions) below, and excluding betterment costs. Non-betterment costs are costs to remove and/or relocate District facilities such as, but not limited to, existing or planned District facilities that impede the development of the site of a proposed load. Such non-betterment costs would include re-engineering for planned and scheduled facilities that had already been engineered prior to an extension request and that would require relocation due to the requested extension. Betterment costs are additional costs for electric system improvements that are not required solely for the extension to the Customer, but are costs that the District elects to incur now due to anticipated or planned electric system capacity or configuration requirements.

**I. PERMANENT EXTENSIONS**

**A. Year-Round Service**

**1. Overhead Extensions to Individual Single Family Residences**

- a. Less Than One-Half (1/2) Line-miles** - The District will construct up to one-half (1/2) line-miles of single-phase overhead line extension, including the service, of its electric distribution system at no cost to the Customer for an individual year-round single family residence, except for Customer provided facilities and costs as outlined in paragraph I.C.2 (Extraordinary Construction Costs) below.

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- b. **Greater Than One-Half (1/2) Line-miles** - Customer shall be responsible for and shall be required to pay to the District a Contribution in Aid of Construction (CIAOC) for all extension costs above one-half (1/2) line-miles of single-phase overhead, including the service and Customer provided facilities and costs as outlined in paragraph I.C.2 (Extraordinary Construction Costs) below. Determination of a CIAOC shall be the Total District Investment for the total extension less the District's current Standard Extension Cost. The Standard Extension Cost for one-half (1/2) line-miles of single-phase overhead distribution line and service shall be calculated in accordance with costing procedures, practices, and methodologies applicable to such construction that are adopted by the District for making the calculation (now currently set forth generally in Appendix A of the District's "Retail Line Extension Application Guidelines") as these procedures, practices, and methodologies may be updated or modified from time to time to reflect changes in market costs. The Customer shall pay the entire amount of the CIAOC to the District in accordance with paragraph I.C.1. (Contribution in Aid of Construction) below.
- c. **Three-Phase Service** - If three-phase service is required, the additional three-phase extension costs will be considered part of the Total District Investment and a CIAOC, if applicable, shall be determined as in paragraph b. above.

**2. Underground Extensions to Individual Single Family Residences**

- a. When underground construction is requested, the District shall determine if underground construction is appropriate based on the District's electric utility engineering judgment and practices. If the District determines that underground construction is appropriate, the District will construct the extension at no cost to the Customer, except for Customer provided facilities and costs as outlined in paragraph I.C.2 (Extraordinary Construction Costs) and I.C.3 (Underground Extensions) below, provided that the estimated Total District Investment in such extensions does not exceed the District's Standard Extension Cost as defined above in Section I.A.1.b.
- b. If the estimated Total District Investment for the extension is greater than the District's Standard Extension Cost, the Customer shall be required to pay to the District a non-refundable Contribution in Aid of Construction equal to the amount that the estimated Total District Investment exceeds the District's Standard Extension Cost in

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accordance with paragraph I.C.1 (Contribution in Aid of Construction) below.

**3. All Other Classes**

Extensions to all other classes taking year-round service include, but are not limited to, residential subdivisions (two or more individual single family residences), multi-dwelling units, commercial, and industrial Customers.

- a. Allowable Investment Limit** - The Allowable Investment Limit (AIL) shall be equal to five (5) times the estimated annual gross revenue (excluding rental revenues, such as for lighting, and applicable municipal discounts). For extensions to serve new additional load at an existing site the determination of the AIL shall include only the estimated net increase in revenue due to the new additional load.
- b. Overhead Construction** - The District will construct overhead extensions to its electric lines and facilities at no cost to the Customer, except for Customer provided facilities and costs as outlined in paragraph I.C.2 (Extraordinary Construction Costs) below, provided that the estimated Total District Investment in such extensions does not exceed the District's Allowable Investment Limit (AIL).

If the estimated Total District Investment in an extension exceeds the AIL, the Customer shall be required to pay to the District a non-refundable Contribution in Aid of Construction equal to the amount that the estimated Total District Investment exceeds the AIL in accordance with paragraph I.C.1 (Contribution in Aid of Construction) below.

- c. Underground Construction** - When underground construction is requested, the District shall determine if underground construction is appropriate based on the District's electric utility engineering judgment and practices. If the District determines that underground construction is appropriate, the District will construct the extension at no cost to the Customer, except for Customer provided facilities and costs as outlined in paragraph I.C.2 (Extraordinary Construction Costs) and I.C.3 (Underground Extensions) below, provided that the estimated Total District Investment in such extensions does not exceed the District's Allowable Investment Limit (AIL).

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If the estimated Total District Investment in an extension exceeds the AIL, the Customer shall be required to pay to the District a non-refundable Contribution in Aid of Construction equal to the amount that the estimated Total District Investment exceeds the AIL in accordance with paragraph I.C.1 (Contribution in Aid of Construction) below.

**B. Seasonal Service**

Extensions to classes taking seasonal service include, but are not limited to, irrigation and grain drying.

1. **Allowable Investment Limit** - The Allowable Investment Limit (AIL) shall be equal to one and one-half (1 ½) times the estimated annual gross revenue (excluding rental revenues, such as for lighting, and applicable municipal discounts). For extensions to serve new additional load at an existing site the determination of the AIL shall include only the estimated net increase in revenue due to the new additional load.
2. **Overhead Construction** - The District will construct overhead extensions to its electric lines and facilities at no cost to the Customer, except for Customer provided facilities and costs as outlined in paragraph I.C.2 (Extraordinary Construction Costs) below, provided that the estimated Total District Investment in such extensions does not exceed the District's Allowable Investment Limit (AIL).

If the estimated Total District Investment in an extension exceeds the AIL, the Customer shall be required to pay to the District a non-refundable Contribution in Aid of Construction equal to the amount that the estimated Total District Investment exceeds the AIL in accordance with paragraph I.C.1 (Contribution in Aid of Construction) below.

3. **Underground Construction** - When underground construction is requested, the District shall determine if underground construction is appropriate based on the District's electric utility engineering judgment and practices. If the District determines that underground construction is appropriate, the District will construct the extension at no cost to the Customer, except for Customer provided facilities and costs as outlined in paragraph I.C.2 (Extraordinary Construction Costs) and I.C.3 (Underground Extensions) below, provided that the estimated Total District Investment in such extensions does not exceed the District's Allowable Investment Limit (AIL).

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If the estimated Total District Investment in an extension exceeds the AIL, the Customer shall be required to pay to the District a non-refundable Contribution in Aid of Construction equal to the amount that the estimated Total District Investment exceeds the AIL in accordance with paragraph I.C.1 (Contribution in Aid of Construction) below.

### C. Customer Responsibilities

1. **Contribution in Aid of Construction** - Where a Customer Contribution in Aid of Construction (CIAOC) is required, the entire amount shall be paid to the District in advance prior to the start of construction. Alternatively, payment of the CIAOC may be deferred until the extension is placed into service if an acceptable surety bond or irrevocable letter of credit is provided to the District prior to the start of construction.
2. **Extraordinary Construction Costs** - The customer will be responsible, and will be required to pay to the District in advance prior to the start of construction, for Extraordinary Construction costs and facilities where conditions exist that do not allow for use of standard construction practices, such as making provisions for extraordinary clearances and atypical right-of-way acquisitions. Examples of extraordinary clearance provisions include: tree and stump removal, establishing site final grade, etc. Examples of atypical right-of-way acquisitions include condemnation proceedings, governmental agency applications, etc.
3. **Underground Extensions**
  - a. The Customer shall either install or reimburse the District for all trench and conduit for primary, secondary, streetlight and service conductors in accordance with District specifications and policies.
  - b. Customers requiring three-phase service, in addition to the above requirements, shall:
    - i. Be responsible for the cost of the District supplied transformer pad.
    - ii. Dedicated three-phase transformer installations normally require an instrument rated metering system to be installed on the secondary bushings of the pad-mounted transformer or in a metering cabinet located on the outside of the Customer's facility. The Customer shall be responsible for all service conductors from the point of delivery as defined by the District. Where distributed metering is installed within

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the Customer's facility, as approved by the District, the Customer shall be responsible for the service conductors from the point of delivery as defined by the District.

**D. Recalculation of Contribution in Aid of Construction**

If, during the five-year period from the initial in-service date, one or more additional Customers are served from the original line extension, the Contribution in Aid of Construction (CIAOC) for the original Customer will be recalculated to include the additional Customers and investment. If the recalculated CIAOC is determined to be less than the original amount of CIAOC calculated and paid by the Customer, the District will refund the difference on a prorated basis depending on the time period left after energization of the additional Customer(s) in the initial five-year period. The formula for refunding the difference is as follows: Original CIAOC less the recalculated CIAOC times the months remaining in the five-year period divided by 60.

**E. Extensions to Loads Requiring Capacity of 5 MVA or More**

**1. Minimum Monthly Facilities Charge (MMF Charge)**

- a. The Customer shall enter into a Contract with the District for a term of five (5) years prior to construction of the extension. Such Contract will obligate the Customer to a minimum monthly bill (the MMF Charge) during the five (5) year period, as provided below.
- b. The Calculation Basis for the MMF Charge shall be equal to fifty (50%) percent of the Total District Investment in the extension or, the non-recoverable construction costs of the extension, whichever is greater. The non-recoverable construction costs shall be equal to the estimated "in and out" costs to install and remove the extension, including ten percent (10%) of the costs of materials, including metering and transformers.
- c. The Customer may request (limited to one time during the five (5) year term of the Contract), or at its option the District may conduct, a review of the Customer's Total Billing accumulated up to the date of the request. If the Customer's Total Billing (the total accumulated electric billing during the expired time period of the Contract term, including the actual MMF Charges) is greater than or equal to the Calculation Basis, the MMF Charge shall be discontinued and the Contract shall be terminated.

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**II. TEMPORARY EXTENSIONS**

- A. For any single-phase temporary service requiring an extension of one span or less, including removal of the same upon completion of service, the Customer will be billed for such service at the District's current rate as listed in the General Customer Service Charges Rate Schedule.

This type of temporary service would be provided from existing distribution secondary in the area and would include installation of a meter on a Customer supplied service pole and meter loop.

- B. For any extension of the District's existing electric lines and facilities which involves more than a single span or requires three-phase service, a "non-refundable service charge" collected in advance of construction will be required. This charge will be equal to the estimated in and out costs to install and remove this service, including ten percent (10%) of the cost of materials, including metering and transformers, and will be billed in accordance with the District's policies and procedures.

Temporary extensions include service to any Customer class which, in the judgment of the District, is considered temporary service in nature, even though service may be used for a period of a year or longer. Examples of temporary extensions may include carnivals or road construction batch plants.

**III. EXTENSIONS FOR MUNICIPALITIES**

Extensions including, but not limited to, streetlighting, city wells, city offices and other services that are for municipals that are District owned or that have entered into a Professional Retail Operating (PRO) Agreement with the District.

The District will construct new overhead extensions to its electric lines and facilities at its own expense, except for Customer provided facilities and costs as outlined in paragraph I.C.2 (Extraordinary Construction Costs) above. When underground construction is requested and the District determines that underground construction is appropriate based on the District's electric utility engineering judgment and practices, the District will construct the extension at its own expense, except for Customer provided facilities and costs as outlined in paragraph I.C.2 (Extraordinary Construction Costs) and paragraph I.C.3 (Underground Extensions) above.

**IV. EXTENSION POLICY CONFLICTS**

In any case where a provision of this extension policy conflicts with a provision of the Retail Line Extension Application Guidelines, the provision of this extension policy shall control.

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