

Policy Type:	Member Policy
Policy No:	301
Title:	Line Extension and Alteration
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SUBJECT: SERVICE, LINE EXTENSION AND ALTERATION

I. OBJECTIVE: The purpose of this policy is to set forth the service and distribution line extension and alteration requirements to be observed by SMPA in a manner which fairly allocates the cost of system growth and minimizes the effect of growth upon rates.

II. DEFINITIONS: As used in this Policy, the following definitions shall apply:

- A. Applicant: Any person or other legal entity applying to SMPA for New or Upgraded Service or for extension of the Existing System, whether an existing or potential Consumer (as defined in the General Rules and Regulations).
- B. Application for Electric Service and Membership or Service Agreement: The agreement between SMPA and the Applicant, which is required before service to a given premises, is energized. This agreement will normally be on a standard SMPA form titled Application for Electric Service and Membership but may be specific to a given service, if appropriate.
- C. Service/Engineering Request: Standard SMPA form to provide contact and project information to initiate a New Service, Line Extension, Subdivision, upgrade or reroute construction project.
- D. Construction Standards: Standards required by the Rural Utilities Service for construction of electric facilities, or any more stringent standards required by applicable governing agency or SMPA. In no case shall such standards be less stringent than the latest available edition of the National Electric Safety Code.
- E. Customer Class: The Customer Classes as set forth and defined in the existing rate tariffs of SMPA.
- F. Developer: A person, legal entity, or group of individuals, making an application for Subdivision Services.
- G. Easements: Any easements or rights-of-way required by SMPA in order to construct or maintain New Service or extensions of the Existing System: All easements and rights-of-way must be in locations, and of such dimensions, acceptable to SMPA in its sole discretion, must be on forms provided by or acceptable to SMPA and executed and acknowledged by the record owners and encumbrance holders of the underlying property. Required Easements may, at the discretion of SMPA, include easements which will permit a given facility to be used for the benefit of other Consumers.
- H. Existing System: The electrical transmission and distribution system of SMPA as it exists at the time an application for New Service or extension of service is made.
- I. Facility Reinforcement Fee: The fee collected for the necessary reinforcement of the Existing System to meet additional load requirements.

- J. Indeterminate Service: Service to ventures of such uncertain speculative character that their permanency is questionable, such as coal and metal mining or oil and gas production operations, and to other service where the amount and permanency of service cannot be reasonably assured.
- K. Line Extension: Primary distribution facilities constructed to provide power from the Existing System to a New Service or Subdivision Service.
- L. Minimum Facility: The lowest capacity facility acceptable to SMPA for a particular New Service or extension making use of materials approved by and normally available to SMPA
- M. New Service: Electric service at a location not previously connected to the Existing System.
- N. Overhead Distribution Extension: The overhead portion of an extension leading from the Existing System to and including its live transformer or transformers.
- O. Permanent Service: Service to any Consumer when the use of service, both as to amount and permanency, can be reasonably assured.
- P. Service Connection: The secondary voltage conductor, including supporting structures and associated electric facilities, connecting the existing secondary systems to the meter, but not including the line transformer or the meter itself.
- Q. Subdivision Service: An extension of the Existing System designed for serving multiple Consumers.
- R. Tap Fee: The fee that is paid to tap a segment of line that is eligible for reimbursement from new beneficiaries who did not participate in paying for its original construction.
- S. Temporary Service: Any service required for less than eighteen (18) months, including service to circuses, bazaars, fairs, concessions and similar enterprises, or construction works of a temporary nature or heavy construction projects, such as dams or tunnels, without regard to the duration of service.
- T. Underground Distribution Extension: The underground portion of an extension leading from the Existing System to and including the line transformer or transformers.
- U. Upgraded Service: An increase in electric service that requires additional investment at a location currently or previously connected to the Existing System.

III. SERVICE CONNECTIONS

- A. Each Applicant for New Service, Temporary Service, Upgraded Service, modified Service Connection or Subdivision Service shall pay the actual costs of the construction necessary for the Applicant, plus any other applicable fees under SMPA's Rules and Regulations and Policies.
- B. A Service/Engineering Request form shall be provided by the Applicant, as well as any additional information requested by SMPA, to define the project, construction requirements and costs. An Application for Electrical Service and Membership will be required to define the specific information necessary for the new account to be served by the Service Connection.
- C. Within a reasonable time after receipt of a completed Service/Engineering Request, SMPA shall provide a good faith estimate of the costs for New Service, Temporary Service, Upgraded Service, modified Service Connection or Subdivision Service. This estimate may be based on standard unit costs determined by SMPA. Because of wide variations in actual costs, especially in the case of underground service, it is not anticipated that it will be possible, in all cases, to establish minimum costs in advance.

- D. Overhead Service Connections shall not be available in those areas where SMPA has installed, or is required, by law, ordinance, regulation, and covenant or SMPA policy to install underground distribution or service facilities.
- E. The Applicant shall provide all required Easements prior to service installation.
- F. The Applicant shall, prior to construction scheduling, pay a deposit in the amount of SMPA's estimated cost of the project and applicable fees.
- G. If at any time, it is determined by SMPA that the deposit is inadequate to cover the entire cost of the installation and applicable fees, the Applicant shall deposit any additional amount required by SMPA. If the deposit exceeds the required cost and fees, the excess shall be refunded to the Applicant.
- H. In no case shall a service be energized until SMPA has been paid the entire cost of installation, plus any applicable fees, and the appropriate Service Agreement has been executed.
- I. All new or modified Service Connections shall be in accordance with the Construction Standards.

IV. LINE EXTENSIONS

- A. When an Applicant requests a New Service or an Upgraded Service, the Applicant shall pay the actual costs of any required Line Extension and any applicable fees.
- B. Service/Engineering Request form for Line Extensions shall be completed by the Applicant. Additional information requested by SMPA shall also be provided. An Engineering Fee may be requested to cover costs for feasibility and design, as determined by SMPA, to be paid prior to substantial design work by SMPA personnel.
- C. SMPA shall provide to the Applicant a good faith estimate of the cost of the project, which shall be based upon the actual necessary cost of constructing and installing the Line Extension and facilities necessary to adequately supply the service requested by the Applicant. The estimate shall include all costs necessary for the extension, such as additional engineering, legal costs, primary and secondary distribution facilities, easements, Tap Fees, tree trimming, special housing, special supports, lightning arrestors and other protective equipment. The estimate will also include loop-feeding capabilities for service reliability and/or three-phasing for load balancing, when deemed necessary by SMPA. The estimate shall not include the cost of capacity in excess of the Minimum Facility required to meet the needs of the Applicant unless it is agreed by the Applicant and SMPA that the estimate will include additional capacity. The estimate shall not include the cost of meters which shall be supplied by SMPA unless specialized equipment or metering is required. The estimate shall include any applicable fees.
- D. SMPA shall provide single-phase residential transformers as special equipment as needed. In the case of three-phase commercial applications, the cost of the three-phase transformer will be included in the total estimate of costs.
- E. If SMPA receives applications for New Service or Upgraded Service that result in a Line Extension that would be used to serve more than one Applicant prior to start of construction of the Line Extension, then estimates shall be calculated such that the costs of the Line Extension are appropriately shared.
- F. The Line Extension shall be constructed by SMPA. The Applicant shall, prior to commencement of construction, deposit with SMPA the amount of the estimated costs. The deposit shall bear no interest and shall be used by SMPA to construct the new facilities. If at any time, it is determined by SMPA that the deposit is insufficient to complete the construction or the inspection, an additional deposit as

requested by SMPA shall be made before construction proceeds. If the deposit exceeds the required expenditures, the excess shall be refunded to the Applicant. "Applicant construction" is allowed by agreement with SMPA. Applicant shall be required to use SMPA standard materials, and construct according to SMPA design. Prior to construction, the Applicant shall pay the cost of materials (including appropriate material overheads), anticipated inspection costs, and all fees, as a deposit in accordance with this policy.

- G. All facilities shall be located and designated in accordance with the SMPA Construction Standards.
- H. Unless otherwise agreed, the Applicant shall provide all necessary Easements and permits prior to commencement of construction.
- I. The Applicant shall be responsible for all environmental compliance.
- J. Should it be determined by SMPA that a Line Extension project could benefit other consumers and that the Line Extension should, therefore, be in excess of the Minimum Facility, a portion of the project may, at its absolute discretion, be financed by SMPA. The contribution by SMPA will be based on the least expensive method of construction consistent with the Construction Standards. Any additional costs for the convenience of the Applicant will be borne by such Applicant requesting the extension. If, for example, it is determined that overhead construction is the least expensive, but the Applicant requests underground facilities, the contribution by SMPA will be based on estimated overhead construction costs.
- K. In no case shall a system extension be placed into service until the cost has been paid by the Applicant, the system has been inspected by SMPA and is determined to be in compliance with SMPA Construction Standards.
- L. All extensions shall, upon completion and approval by SMPA, become SMPA property except for a facility which is, by agreement with SMPA, owned, operated and maintained by the Consumer.
- M. Upon completion, all facilities and related rights-of-way and easements shall, unless otherwise agreed, be conveyed to SMPA.

V. LINE EXTENSION ELIGIBLE FOR REFUNDS AND SUBJECT TO TAP FEES

- A. Line Extensions other than Subdivision Services, and commercial accounts may be eligible for refunds for a period of five years following the date of initial energization.
- B. To be eligible, the Primary Aid to Construction Costs for the Line Extension must be greater than \$10,000 per consumer. This does not include service costs, including secondary wire and conduit, Facility Reinforcement Fees, required metering equipment, and any labor charges for work on the secondary side of the Transformer.
- C. A Tap Fee will be assessed to each consumer who subsequently attaches a New Service to an eligible Line Extension during the five-year period. The Tap Fee will be calculated based on a utilization distance formula plus an administrative charge determined by SMPA. Due to the complexity of these formulas, SMPA will make them available upon request, along with SMPA personnel for explanation of any formulas and methodology used.
- D. Tap Fees collected by SMPA will be refunded to existing consumers on the Line Extension based on a refund calculation formula. Refunds will be distributed at the time the New Service is connected.

VI. EXTENSIONS TO SUBDIVISION SERVICE

In addition to the other applicable terms of this Policy, the following shall apply to extension to Subdivision Services:

- A. The Developer shall provide to SMPA an accurate plat of the subdivision tract, duly approved by the agency having jurisdiction, showing the location of lots, streets, alleys, buildings, utilities, any underground installations or obstructions existing or planned. Existing easements and any easements for future line extensions as required by SMPA must be shown. SMPA shall not be liable for costs related to changes in plats or plans resulting from preliminary plans being represented as “finals.”
- B. SMPA shall inspect all aspects of work during construction to ensure integrity of the electric facilities.
- C. SMPA will own, maintain and operate the electric distribution system to and within the subdivision, following final approval. SMPA shall determine the layout, general design and capacity of the subdivision system. The subdivision system shall include the primary cables, transformers, switching equipment, secondary cables and pedestals, as applicable.
- D. The Developer will establish the permanent rough grade and locate on site such property corners and boundary lines where required by SMPA prior to the installation of facilities.
- E. The Developer will reimburse SMPA for any relocation of facilities required by changes in the Easement and/or established grade.
- F. Subdivisions /Commercial Developments are not eligible for Line Extension refunds.

VII. CONVERSION, RELOCATION OR REMOVAL OF EXISTING SYSTEM.

- A. Conversion of existing overhead facilities to underground shall be treated as new construction and shall be governed by the applicable provisions of this Policy relating to Service Connections or Line Extensions. The following additional provisions shall apply:
 - 1. The applicable cost (and deposit) shall include the cost of removing and disposing of existing facilities less any salvage value.
 - 2. Underground conversions shall be permitted unless SMPA, in its sole discretion, considers it not to be in the best interests of SMPA.
- B. Requests to move facilities shall be considered by SMPA if, in its sole discretion, the requested move does not adversely affect SMPA’s Existing System. To avoid unreasonable interruptions of service to existing Consumers, SMPA may require the construction of temporary Overhead and/or Underground Distribution Extensions. The Applicant shall pay all the actual costs associated with such construction and moving existing facilities.
- C. Requests for retirement of existing facilities shall be considered by SMPA and, in its sole discretion, if such retirement does not adversely affect SMPA’s Existing System, then the Applicant will pay the actual cost of the retirement.
- D. Any facilities which SMPA maintains at its cost (no Applicant contribution specifically for maintenance or operations) may be kept in place or removed by SMPA at its sole discretion. Consumers or other interested parties shall contact SMPA and enter into an agreement where an unused (“idle”) facility is desired to remain in place.

VIII. USE OF DESIGN CONSULTANTS AND CONTRUCTION CONTRACTORS

Design consultants, construction contractors for Line Extensions, conversions, relocations or removal of SMPA’s Existing System may be utilized by SMPA at its sole discretion. Any resulting additional costs shall be the responsibility of the Applicant.

IX. ADDITIONAL REQUIREMENTS

Should any project expose SMPA or its consumers to potential unreasonable future costs, SMPA shall have the right to require bonds, agreements or assurances as may be necessary in its sole judgment. SMPA shall make the Applicant aware of any concerns as soon as they are apparent.

X. FACILITY REINFORCEMENT FEES

A. Facility Reinforcement Fees shall be paid to SMPA by Applicants for New Service, Upgraded Service or Subdivision Service appropriate to the consumer-installed service equipment size as follows:

Service Size	Fee	Service Size	Fee
Up to 50 Amp	No Fee	800 Amp	\$4800
150 Amp	\$900	1000 Amp	\$6000
200 Amp	\$1200	1200 Amp	\$7200
400 Amp	\$2400	1600 Amp	\$9600
600 Amp	\$3600	2000 Amp	\$12000

Upgrading an existing service to a larger service requires a Facility Reinforcement Fee equal to the difference between the fees charged for the two service sizes. Example, upgrading to a single-phase 400 Amp service from a 200 Amp service requires payment of a \$1200 Facility Reinforcement Fee.] Service Equipment other than 120/240 volt will have Facility Reinforcement Fee(s) calculated at \$6/amp @ 120/240-volt equivalency. Examples: at 480 volts, a 200-amp service has the equivalency of a 400 Amp service at 120/240v [i.e., \$2400].

- B. Three-phase services shall use a factor of 1.732 multiplied by the service size or service size increase to determine the associated fee.
- C. Facility Reinforcement Fees shall be used to reinforce the Existing System.
- D. Facility Reinforcement Fees shall not be paid by Applicants who request service for a lot within a subdivision where the Developer has paid a Facility Reinforcement Fee or for a new meter connection at existing multi-meter service equipment unless the service equipment has to be upgraded to a larger amperage rating.

XI. EXCEPTIONS

SMPA may make exceptions to the rules set forth in these policies for any or all of the following reasons:

- A. Rates for service to existing consumers would otherwise be adversely affected.
- B. SMPA'S investment in its existing system would not be adequately protected.
- C. SMPA cannot, in its sole discretion, provide adequate service to the requested facility.
- D. Resale or wholesale consumers are involved.

XII. RESPONSIBILITY: It shall be the responsibility of the General Manager/CEO to see that this policy is implemented and followed.