

UPSHUR-RURAL ELECTRIC COOPERATIVE CORPORATION
MEMBER POLICIES AND SCHEDULES

SECTION II
LINE EXTENSION/CONSTRUCTION POLICIES

Approved: 12/18/18

2.1 LINE EXTENSION/CONSTRUCTION - IN GENERAL

Introduction

These “Line Extension/Construction Policies” (“LX Policies”) shall be considered part of Upshur-Rural Electric Cooperatives Corporation’s (“Cooperative”) “Member Policies”. This Policies together with other Member Policies, the “Rate Schedules/Riders” (collectively, “Schedules”) establish the policies, rules, and fees and charges (“Rates”) applicable to receiving Electric Service or Service from the Cooperative.

Defined terms found throughout the Member Policies shall have the same meaning in the Schedules and throughout the Member Policies. Defined terms found throughout the Schedules shall have the same meaning in the Member Policies and throughout the Schedules.

Applicable Terms and Facility Ownership

Line extensions, Cooperative system upgrades, or other construction as part of Electric Service and necessary for delivering Electric Service to a Member shall be constructed under terms, rates, and conditions in effect at the time the construction is completed.

Unless otherwise agreed in writing, any facilities installed by the Cooperative shall remain the sole property of the Cooperative.

2.2 CONSTRUCTION COSTS

Contribution-in-Aid of Construction and LX Cost

As determined by the Cooperative a Member or other party shall be responsible for paying the Cooperative the total costs of the line extension, Cooperative system upgrades, or other construction requested/necessary for delivering the requested Electric Service to the Member as a nonrefundable “Contribution-in-Aid of Construction” (“CIAC”) payment to recover the Cooperative’s direct investment and associated system cost in the construction/Electric Service that is not recovered from the estimated annual revenue that will be recovered as a result of the construction/Electric Service. In calculating the CIAC payment the Cooperative will consider but may not be limited by the following: (1) all direct costs associated with the line extension/construction; (2) appropriate overhead costs of the Cooperative; and (3) any other costs incurred by the Cooperative requested/necessary for the construction or for delivering the Electric Service (collectively, “LX Cost”).

Cost Estimate

The Cooperative shall prepare and/or provide a “Cost Estimate” for the estimated costs of any construction, in advance of construction. The Cooperative, at its sole discretion, may adjust the Cost Estimate and the Cost Estimate may or may not reflect the actual total LX Cost or the total CIAC payment amount required for the construction. Except as may be otherwise provided in these LX Policies the Cooperative is under no obligation to take any action on the construction or on delivering the Electric Service until the Member has paid the Cost Estimate amount in full and the payment shall be considered part of the total CIAC payment.

Permanent Service Allowance

Except as otherwise provided in these LX Policies a Member, providing proof that any construction will be delivering permanent Electric Service, may be provided a credit against their LX Cost as allowed and in an amount established in the applicable Schedule (“Allowance”) to account for the estimated annual revenue that will be recovered for the construction as a result of the Electric Service that will be delivered because of the construction. Any Allowance will be reflected in the Cost Estimate. The determination that any construction will be delivering permanent Electric Service to a location will be at the sole discretion of the Cooperative.

Payment Plan

At the sole discretion of the Cooperative and as an alternative to paying the full amount provided in the Cost Estimate in advance of construction the Cooperative may choose to allow a Member to pay any amounts due as a CIAC payment or any other amounts due under these LX Policies under a Payment Plan.

2.3 CONSTRUCTION DETAILS

The Cooperative will construct, install, operate and maintain its plant, structures, equipment and lines in accordance with the American National Standard Institute (ANSI), National Electric Safety Code (NESC) and other standards as required by law in a manner to serve the public and its Members.

The Point of Delivery, location of the Cooperative installed facilities, and all specifications for any construction shall be at the sole discretion of the Cooperative based on the type of construction and/or the characteristic of the requested Electric Service and the Schedule classification of the Electric Service

2.4 OVERHEAD CONSTRUCTION

The Cooperative’s Schedules and these LX Policies have been designed for overhead construction as the preferred means of line extensions. A Member desiring overhead construction of a line extension, shall be responsible for paying the LX Cost of the overhead construction as a nonrefundable CIAC payment. Except as may be otherwise provided in these LX Policies, the Cooperative is under no obligation to take any action on the overhead construction until the Member has paid the Cost Estimate amount in full and the payment shall be considered part of the CIAC payment.

2.5 UNDERGROUND CONSTRUCTION

A Member desiring underground construction of a line extension, shall be responsible for paying the LX Cost of the underground construction as a nonrefundable CIAC payment. Except as may be otherwise provided in these LX Policies, the Cooperative is under no obligation to take any action on the underground construction until the Member has paid the Cost Estimate amount in full and the payment shall be considered part of the CIAC payment.

2.6 UNDERGROUND CONVERSION

A Member desiring to convert existing secondary or primary overhead Service to underground Service, shall be responsible for paying the Cooperative the total costs of the conversion as a nonrefundable CIAC payment. In addition to the LX Cost the Cost Estimate amount for the conversion shall include the estimated cost of retiring the existing facilities. Except as may be otherwise provided in these LX Policies, the Cooperative is under no obligation to take any action on the conversion until the Member has paid the Cost Estimate amount in full and the payment shall be considered part of the CIAC payment. An Allowance will not be provided for conversions.

Depending on the size and scope of the conversion the Cooperative at its sole discretion may choose to treat the conversion as Project Construction and construct the conversion under the terms and conditions of a Project Construction Agreement.

2.7 TEMPORARY CONSTRUCTION

A Member desiring temporary Electric Service shall be responsible for paying the Cooperative the total costs for providing the temporary Electric Service as a nonrefundable CIAC payment. In addition to the LX Cost the Cost Estimate for providing temporary Electric Service shall include the estimated cost of removing the installed facilities, including the total cost of unsalvageable materials. Except as may be otherwise provided in these LX Policies, the Cooperative is under no obligation to take any action on providing the temporary Electric Service until the Member has paid the Cost Estimate amount in full and the payment shall be considered part of the CIAC payment. An Allowance will not be provided for temporary Service.

Depending on the size and scope of providing the temporary Electric Service the Cooperative at its sole discretion may choose to treat providing the temporary Electric Service as Project Construction and construct the facilities for the temporary Electric Service under the terms and conditions of a Project Construction Agreement.

2.8 RELOCATION OF COOPERATIVE'S FACILITIES

The Cooperative will relocate or change the routing of its lines and facilities provided the Member or party requesting the relocation pays the total cost of the relocation. The total cost of the relocation shall be paid to the Cooperative as a nonrefundable CIAC in advance of construction. The Cooperative shall prepare and/or provide a Cost Estimate in advance of the relocation. Except as may be otherwise provided in these LX Policies, the Cooperative is under no obligation to take any action on the relocation until the Cost Estimate amount is paid in full and an Allowance will not be provided for a relocation.

Depending on the size and scope of the relocation project the Cooperative at its sole discretion may choose to treat the relocation as Project Construction and provide the relocation under the terms and conditions of a Project Construction Agreement.

2.9 COST ADJUSTMENT AND TOTAL CIAC

If any Cost Estimate payment or other payment under these LX Policies is more or less than the total amount required for the construction under these LX Policies, the Member or party that made the payment shall be refunded or charged the applicable amount. The total amount paid for the construction after any Allowance shall be considered the Member's/party's total CIAC payment amount for the construction.

2.10 EASEMENTS AND CLEARING

It shall be the responsibility of the Member or Member applicant to provide an easement and obtain easement(s) as required to deliver the Electric Service. The easement shall be the Cooperative's standard easement unless otherwise approved by Cooperative management.

The Cooperative will suggest alternative routes, if available, for a Member unable to obtain necessary easement(s) and will support condemnation proceedings as necessary to provide the Service. Costs and expenses associated with condemnation proceedings shall be the sole responsibility of the Member or party requesting the construction.

Prior to construction, it is the responsibility of the Member or the party requesting the construction to clear the easement.

2.11 DEVELOPER PROJECTS

A developer of a subdivision, mobile home park, shopping center, business park, industrial facility, or other unique facility ("Developer") requesting the Cooperative to make Cooperative system upgrades and/or to construct facilities requested/necessary for delivering the requested Electric Service to Developer's project ("Project Construction") shall be responsible for the total costs of the Project Construction. Except as may be otherwise provided in these LX Policies the total costs of the Project Construction shall be paid to the Cooperative as a nonrefundable CIAC payment. A Developer requesting Project Construction shall be required to sign an agreement with the Cooperative containing the terms and conditions of the Project Construction ("Project

Construction Agreement”).

The Cooperative is under no obligation to take any action on the Project Construction until the Member has paid any amounts required in advance of construction under the terms and conditions of the Project Construction Agreement.

The Cooperative will evaluate and consider Developers’ projects on a case by case basis based on the project details provided by the developer in preparing a Project Construction Agreement. At the sole discretion of the Cooperative, a Project Construction Agreement may contain terms and conditions that differ from the Member Policies and the Schedules and may provide an Allowance or modify the total CIAC payment requirement based on evidence of project viability, length/life of Electric Service to the project, project’s economic impact on the community, or other factors that would mitigate the financial exposure of the nonprofit Cooperative and its Members in investing in facilities to deliver Electric Service to Developer’s project.

2.12 SWITCHOVERS

Switching Electric Service from Cooperative to another Supplier

In cases where a Member requests Disconnection in order to obtain Electric Service from another electric utility certified to provide retail electric serve in the area, the following steps and charges shall apply:

1. A Member shall request Disconnection in writing.
2. A Member shall pay any outstanding account balance in full.
3. A Member shall pay the following charges prior to disconnection:
 - a. A set switchover fee, as established in the Schedules, to cover average direct labor costs of disconnection and average direct vehicle costs associated with the disconnection.
 - b. Variable charges covering direct and indirect labor and transportation costs associated with removing any distribution facilities rendered idle. These variable charges will only apply if: (i) removal is requested by the disconnecting Member; (ii) removal is necessary for safety reasons; or (iii) the salvage value of the facilities do not exceed the cost of removal.
 - c. A charge based upon the original cost of the distribution facilities rendered idle and not reusable elsewhere on the distribution system, less depreciation, salvage and any previous CIAC payment.
3. Upon payment of the full account balance and other fees and charges due under this provision, a Member shall receive a paid receipt from the Cooperative for presentation to the connecting utility.

4. A Member shall be advised that the connecting electric utility may not provide Electric Service until such connecting utility has evidence that a Member has paid all amounts owed to the Cooperative.

Switching Electric Service from another Supplier to Cooperative

In areas of the Cooperative's service territory where other suppliers are certificated to provide retail electric service, a customer of another supplier may switch Electric Service to the Cooperative.

The customer of the other supplier shall provide evidence to the Cooperative that the switchover rules of the current supplier have been satisfied and satisfy all terms and conditions for Electric Service required by the Cooperative before Electric Service will be provided.