

# **ORCAS POWER AND LIGHT COOPERATIVE**

## **MEMBER SERVICE POLICY 5**

### **LINE EXTENSION**

OPALCO provides electric service to meet the needs of its members. We neither encourage nor discourage growth. Rather, it is our purpose to meet the electric energy needs of our members. OPALCO will provide service to all qualified applicants in San Juan County subject to the rules and regulations established in the member service policy. To assure that the member service policies are administered fairly and consistently, OPALCO's general manager retains sole authority of interpretation and intent of these policies. Each member service policy section and subsection is intended to stand alone and shall be applied to other member service policy sections.

#### **5.1 EXTENSION POLICY**

5.1.1 Owners of property desiring service will be required to pay 100% of the actual cost to provide the necessary facilities. It is the responsible party's obligation to schedule an appointment for an on-site meeting with OPALCO's engineering department representative for any project requiring the installation of primary conductor and/or installation of serving transformer. For new installations requiring only a meterbase connection to an existing transformer, OPALCO may not require an on-site meeting. Appointments must be made two (2) weeks in advance and shall be made through OPALCO's engineering department. It is the responsibility of the requesting party to accurately show property boundary markers to OPALCO's engineering department representative during the on-site visit, and to verify that all required information has been received by OPALCO in advance of the on-site meeting. Failure to show property boundary markers or provide required information to OPALCO's engineering department representative may result in an OPALCO charge for the on-site visit.

OPALCO owned facilities shall be located on property lines when appropriate or where OPALCO deems it is feasible. All OPALCO owned facilities are intended to be used by multiple members. Installation of facilities not on established and recorded easements will require that the requesting party supply OPALCO with a suitable easement allowing for multiple use of the OPALCO owned and maintained facilities.

Under most circumstances, OPALCO will assume the responsibility to operate, maintain and replace those facilities once installed. No facilities intended to be maintained and read by OPALCO will be installed until a legal easement is granted to OPALCO. In specific high cost/low revenue situations, OPALCO will require a line extension agreement as a condition of service (see Section 5.6).

Primary conductors and other facilities installed, but which are deemed by OPALCO to be idle for more than twelve (12) months, will be subject to OPALCO's Line Retention Tariff or be subject to abandonment by OPALCO.

- 5.1.2 Members will not be permitted to install or maintain their own primary voltage facilities.
- 5.1.3 All primary equipment and facilities to the member's point of delivery shall be designed, constructed, owned and maintained by OPALCO in accordance with this line extension policy. All primary equipment and facilities which are found to not have an easement at their present location will be maintained by OPALCO at the member's expense and be subject to Member Service Policy 3.5.5 unless OPALCO is granted said easement.

## **5.2 CONTRIBUTION IN AID OF CONSTRUCTION**

- 5.2.1 Contributions in aid of construction are good faith estimates based on information available to OPALCO and information supplied to OPALCO by the responsible party. Estimates are not to be treated as, or considered, a fixed price proposal for the work the responsible party is proposing.
- 5.2.2 The responsible party of a parcel desiring initial electric service, changes to existing service, or conversion of existing facilities from overhead to underground shall be required to pay a contribution in aid of construction equal to OPALCO's actual cost to provide or modify the required facilities. An estimated cost will be provided and shall be paid in full prior to the start of OPALCO construction. Responsible party shall be refunded or charged for the actual contribution in aid cost at the conclusion of the agreed upon work (see Section 5.2.5).
- 5.2.3 OPALCO will provide, at no cost to the member, up to two (2) contribution in aid of construction estimates per project. OPALCO requires on-site inspection of a new or modified property by owner and OPALCO engineering representative (see Member Service Policy 5.1.1). Any additional estimates within a one year period of time dealing with or relating to changes to the project or parcel(s) of land will incur an additional hourly engineering fee. All engineering fees must be paid in advance of the creation of a new or revised estimate.
- 5.2.4 In addition to the contribution in aid of construction, the responsible party shall provide, at their expense, all clearing, trenching, bedding, backfill, restoration and other related expenses which are not included as part of the contribution in aid of construction made to OPALCO.
- 5.2.5 A transportation fee will be included on the contribution in aid of construction for all services. This fee is based on the average costs of travel related to the location, and these costs may be amended by OPALCO at any time.
- 5.2.6 The contribution in aid of construction will be adjusted in the form of a re-bill or reimbursement, after completion of construction, based on actual cost changes in the estimated unit quantities as to actual quantities used totaling over two hundred fifty dollars (\$250).

### **5.3 MATERIALS AND EQUIPMENT USED AND PROVIDED**

- 5.3.1 Except as noted in the facility installation specifications, OPALCO shall provide all materials and equipment for the line extension or revision of line extension to the point of delivery.
- 5.3.2 Except as noted in Section 5.3.3, materials and equipment used will be OPALCO inventory and stocked items which have been pre-approved for use in the OPALCO primary and secondary system. This includes the type of meterbase which a responsible party may install.
- 5.3.3 Members requesting the use of materials and/or equipment not pre-approved, stocked or inventoried by OPALCO (non-standard materials) may submit a written request for said use to an OPALCO Standards Review Committee for evaluation. Said request may take up to four (4) weeks for processing after which time OPALCO will notify the requestor in writing of its approval or rejection of the request. Said evaluation will be based on the consequences of use with the existing and future OPALCO primary system and the impact on other OPALCO members.
  - 5.3.3.1 The OPALCO Standards Review Committee reserves the sole right to determine if the materials and or equipment requested are approved or rejected for use in the OPALCO system.
  - 5.3.3.2 The OPALCO Standards Review Committee reserves the sole right to set conditions on the approval of use of non-standard material and equipment. Said conditions may include, but are not limited to the following:
    - 5.3.3.2.1 OPALCO reserves the sole right to release ownership of non-standard, but approved materials or equipment to the requesting member, yet retains the sole right to maintain said materials and/or equipment. In this case, the member will incur all costs associated with maintaining, replacing or repairing the materials and/or equipment.
    - 5.3.3.2.2 OPALCO may require the owner of said approved non-standard materials and/or equipment to sign a release of fairshare on said materials and/or equipment.

### **5.4 EASEMENTS**

- 5.4.1 OPALCO requires that adequate easements or public rights-of-way exist prior to the placement of all new facilities in any area (see Member Service Policy 3.5.5.). The suitability of easements or rights-of-way for the purpose of installing OPALCO facilities shall be at OPALCO's sole discretion. It is the obligation of the responsible party to provide all needed documentation to make this determination including legal descriptions, ownership documentation, and plot plans of all affected subject parcels, and, if applicable, copies of existing recorded easements, surveys, and plats. In addition, the property owner shall provide evidence in the field of pertinent lot corners, monuments, lot lines, and easement and right-of-way margins and alignments. The suitability of this monumentation for ensuring the proper placement of facilities within the easement or right-of-way shall be at the sole discretion of OPALCO.

- 5.4.2 If, in the determination of OPALCO, adequate easements and/or rights of way do not exist for the placement of proposed facilities, OPALCO requires that suitable easements are created, executed and provided to OPALCO (see Member Service Policy 3.5.5).

Under such circumstances, OPALCO shall prepare the necessary easement documents based on the above described required property information provided by the responsible party. OPALCO reserves the right to require that an additional route survey be performed by a qualified, registered land surveyor or engineer at the sole expense of the property owner for inclusion in preparation of the easement. It is the sole responsibility of the property owner to acquire all needed notarized signatures for the proper execution of all easements, including third party property owners.

- 5.4.3 Allowance for Multiple Use by Others

The design of new and existing facilities are approved and determined by OPALCO, including the sighting and location of these facilities to enable multiple uses (multiple services including other members). In such circumstances where the sighting and layout of OPALCO's new facilities and the associated, required easement do not intrinsically accommodate such multiple uses, OPALCO reserves the right to require the member to grant additional easement routes allowing for the future installation, repair and maintenance of multiple use facilities by others (see fair share policy).

## **5.5 OVERHEAD FACILITIES**

Overhead facilities are not permitted by OPALCO. If special circumstances require overhead construction, such construction must be specifically approved by the manager of engineering.

## **5.6 HIGH COST/LOW REVENUE EXTENSIONS**

- 5.6.1 A line extension will be considered as high cost/low revenue if the line extension costs more than \$10,000 and the estimated annual operation, maintenance and replacement costs per kWh anticipated to be sold from the extension are more than two (2) times the average operation, maintenance and replacement costs per kWh for the remainder of the system as calculated in Section 5.6.3.
- 5.6.2 If a line extension is deemed by OPALCO as high cost/low revenue extension then the member or members to be served from the extension shall agree to pay all costs for operation, maintenance and replacement that exceed two (2) times the system average operation, maintenance and replacement cost as defined in Section 5.6.3. Each year the member's maintenance and replacement account will be credited with an amount equal to two (2) times the average system maintenance and replacement cost times the number of kilowatt-hours sold over the facilities. The account shall be charged the costs incurred in operating and maintaining the system from the point of original attachment to the OPALCO system. Replacement costs will be determined by the actual cost to replace any facilities installed to serve the member.
- 5.6.3 The average system maintenance and replacement cost will be determined as follows: Distribution Expense-Operation (RUS Form 7, Part A, Line 5, Column B), plus the Distribution Expense-Maintenance (RUS Form 7, Part A, Line 6, Column B) plus Distribution System Depreciation (OPALCO General Ledger #403.6) all divided by

kilowatt-hours sold (RUS Form 7, Part O, Line 11, Total). All data is taken from the most recently filed annual RUS Form 7 and the most recent year end OPALCO general ledger account balance. Formula:

$$\frac{\text{Distribution Expense Operation} + \text{Distribution Expense Maintenance} + \text{Distribution System Depreciation}}{\text{Kilowatt Hours Sold}} = \text{Estimated Annual Operation, Maintenance and Replacement Costs}$$

- 5.6.4 The agreement required by Sections 5.1 and 5.6 shall be binding upon the owner-member and upon successor owner-members of the real property upon which the line extension improvements were made, and the requirements of said agreement shall be appurtenant to and run with said real property.
- 5.6.5 Later connections to the line extension will be handled in accordance with Section 5.7 with the exception that there is no time limit to the period for which the owner-member or successors will be responsible for the excess operation, maintenance and replacement costs.
- 5.6.6 Facilities located in areas which OPALCO determines to be susceptible to erosion or flooding, or where facility failure may cause significant environmental harm, will be removed from service or relocated. OPALCO shall pay for the relocation of primary distribution facilities. The responsible party shall be responsible for all costs associated with and scheduling of work required to reconnect to OPALCO's point of delivery (see Member Service Policy 6.1.2).

## **5.7 FAIRSHARE (PARTIAL REIMBURSEMENT) POLICY**

- 5.7.1 OPALCO will make a fairshare (partial reimbursement of a contribution in aid of construction) to the current owner of record of the property for which the original contribution in aid of construction was made (other than subdividers or developers), if additional members connect to the facility within four (4) years of the date of payment of the original contribution in aid of construction of thirty thousand dollars (\$30,000) or less, not including the meter. If the contribution in aid of construction for a line extension to a single family residence exceeds thirty thousand dollars (\$30,000), the fairshare period shall be extended to eight (8) years but be limited to the original member or members who contributed to the contribution in aid of construction.
- 5.7.2 Eligibility
  - 5.7.2.1. Responsible parties installing facilities to serve subdivisions or commercial buildings are not eligible for fairshare.
  - 5.7.2.2. A responsible party that purchases a piece of property, or receives title from the transfer of property, from a member who qualified for fairshare is not eligible to fairshare.
  - 5.7.2.3. Responsible parties purchasing a home or property from a developer or subdivider are not eligible for fairshare.
  - 5.7.2.4. Responsible parties of marinas, mobile home parks, and multi-occupant facilities are not eligible for fairshare.
  - 5.7.2.5. Meter charges are not eligible for fairshare reimbursement.

- 5.7.2.6 Calculation of a fairshare shall only be done when a new member connects to existing facilities covered by the fairshare policy. OPALCO shall not provide fairshare calculation for non-installed or future facilities which may or may not be built.
- 5.7.3 Fairshare within the designated reimbursement period will be figured, collected and disbursed by OPALCO. Eligible fairshares will be calculated so that all persons or entities who share in the facilities will have a proportionate monetary interest in said shared facilities, based on the original actual costs made toward facilities.
- 5.7.4 Fairshare will be released upon the activation of a metered service by the member paying the fairshare and upon verification of fairshare eligibility.

## **5.8 RESIDENTIAL OR COMMERCIAL/INDUSTRIAL SUBDIVISIONS**

### **5.8.1 Subdivisions – Small Lot Subdivisions and Mobile Home Courts**

Responsible parties desiring initial electric service for any subdivision that contains *any* parcel(s) one-half (1/2) acre or less in size, or mobile home courts, shall submit to OPALCO the preliminary plat drawings of the subdivision or mobile home court that were sent in for approval to the regulating agency. OPALCO will design the layout of the primary distribution system for the subdivision in a manner which allows for long term maintainability of the power distribution network. Said primary distribution network shall provide primary service in the form of a transformer(s) and include, but not be limited to, cable, conduit, sectionalizing cabinets, vaults, and associated hardware to provide power to adequately serve each lot within the above described small lot subdivision or mobile home court. OPALCO's line retention tariff must be paid for any distribution conductor segments and facilities on OPALCO's distribution network that are not supplying energy to the membership (see Section 5.11).

### **5.8.2 Subdivisions – Large Lots**

Responsible parties desiring initial electric service for any subdivision where all parcels within said large lot subdivision are over one half (1/2) acre in size shall submit to OPALCO the preliminary plat drawings of the subdivision that were sent in for approval to the regulating agency. OPALCO will use this plat drawing for layout of the primary distribution backbone system. Said primary distribution backbone system shall provide power accessibility in the form of a loop or sectionalizing cabinet to adequately serve each lot within said large lot subdivision including, but not limited to, cable, conduit, loops, sectionalizing cabinets and associated hardware. Responsible parties of large lot subdivisions may opt to provide transformers to each lot as outlined in Section 5.8.1. OPALCO's line retention tariff must be paid for any distribution conductor segments and facilities on OPALCO's distribution network that are not supplying energy to the membership (see Section 5.11).

### **5.8.3 Easements - Subdivisions, Mobile Home Courts, and Marinas**

OPALCO and the responsible party will work in coordination to ensure that all easements for the installation of power and other utilities are in place prior to the start of construction as outlined in Section 5.4.

- 5.8.4 Contribution in Aid of Construction - Subdivisions, Mobile Home Courts, Marinas  
OPALCO will design the primary distribution network to marinas and throughout the subdivision, mobile home court or marina to best suit the needs of OPALCO. OPALCO will work with the responsible party to establish the conditions under which electric service will be provided as required in this member service policy and as outlined in the facility installation specifications.

OPALCO will provide to the responsible party an estimate of contribution in aid of construction that estimates OPALCO's costs to provide the facilities. Cost estimates will be based on current standard costs of materials and labor. Responsible party will be responsible for the actual costs of construction at the completion of installation of facilities.

In addition to the contribution in aid of construction, the owner or developer shall provide, at their expense, all clearing, trenching, bedding, backfill, restoration and other related expenses which are not considered as part of the contribution in aid of construction made to OPALCO.

Payment of the estimated contribution in aid of construction by the responsible party constitutes a contract between both parties to complete the work as mutually agreed upon. The responsible party is required to pay the estimated contribution in aid of construction in full prior to start of construction and installation of OPALCO facilities.

The contribution in aid of construction is nonrefundable and will be adjusted per Section 5.2.5 after completion of construction, based on actual contribution in aid of construction which OPALCO has provided.

- 5.8.5 The responsible party of any subdivision is not entitled to fairshare (partial reimbursement) as outlined in Section 5.7 of this member service policy.
- 5.8.6 OPALCO reserves the sole right to extend new facilities from an existing subdivision without reimbursement to the responsible party of any property. Any facilities required within the subdivision to extend service beyond the subdivision backbone system will be located on designated rights of way.
- 5.8.7 Responsible parties will be responsible for subdivision, marina or mobile home park security and/or street lighting. This may include conduit, conductor and light standards.
- 5.8.8 OPALCO will not be responsible for the design or installation of any necessary lighting or security system(s).

## **5.9 CONVERSION OF EXISTING FACILITIES TO UNDERGROUND**

### **5.9.1 OPALCO Initiated**

OPALCO identifies areas to be converted to underground by several methods. The condition of existing facilities, the need to upgrade to meet load growth, projects sponsored by other utilities and road projects can all result in an OPALCO initiated conversion to underground.

- 5.9.1.1 As feasible, OPALCO will convert, at its sole expense and discretion, all primary distribution facilities to underground. This includes all conductors, sectionalizing equipment and transformers. OPALCO will obtain all required permits and be responsible for all trenching, rock removal, and cleanup. The cost to convert secondary voltage facilities to underground shall rest with the member.
- 5.9.1.2 OPALCO recognizes its obligation to continue to serve members after the conversion of its primary voltage facilities to underground. In each individual case, OPALCO will determine the lowest reasonable cost to continue to serve the member. Examples of the lowest reasonable cost may include, at the sole option of OPALCO, leaving a portion of the overhead primary system in place, serving an existing overhead secondary from a pad mount transformer, burying the service, or other method. If OPALCO buries the secondary service, it may relocate the meter to the transformer, in which case the member becomes responsible for maintenance of the secondary service beyond the meter.
- 5.9.1.3 The responsible party may elect to bury their secondary service at their expense, in which case OPALCO will cooperate with the responsible party. Any revision in secondary service must be done in compliance with the current OPALCO facility installation specifications and with Member Service Policy 6.

#### 5.9.2 Responsible Party Initiated

Responsible parties may request the conversion of overhead primary or secondary facilities to underground if the overhead or secondary facilities are located on their property. If OPALCO agrees to the request, those requesting the conversion will be responsible for the total actual costs of conversion as defined below:

- 5.9.2.1 Upon request, OPALCO will prepare a preliminary cost estimate of OPALCO's cost to convert an area to underground (see Member Service Policy 5.2.2). If the property owners involved pay the cost estimate, OPALCO will proceed with the requested work. The proposal provided by OPALCO to the responsible party will NOT include trenching, backfill, permit acquisition, contingencies, or any other non-OPALCO costs associated with converting the area to underground.
- 5.9.2.2 OPALCO will provide a detailed drawing or staking sheet of the work to be accomplished. The initiating member will be responsible for converting all secondary services to underground, although if necessary, OPALCO will assist in the layout of each secondary service and how it is to be treated.
- 5.9.2.3 OPALCO will make a contribution to responsible party initiated conversions by providing all labor associated with retiring the overhead facilities.
- 5.9.2.4 As part of its cost estimate and description of work, OPALCO will provide a description of each secondary service and how it is to be treated under the cost estimate provided. The responsible party will be responsible for converting all secondary services to underground and furnishing any easements required.

This is not part of the work to be accomplished by OPALCO. OPALCO will coordinate its work with the responsible party to minimize the cost to convert secondaries to underground.

**5.10 CHANGES TO THE EXISTING SYSTEM**

Nothing in this section will prevent OPALCO from making changes to its system when, in OPALCO's judgment, such change will result in a better, more efficient or more reliable power distribution network. Examples include adjusting transformer size based on load, installation of sectionalizing equipment, installation of special metering or data collection equipment, etc. OPALCO may use all or part of a member's line extension as part of a system improvement without paying a fairshare.



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Randy J. Cornelius, General Manager

Effective Date: January 18, 2007