

Rule No. 6

LINE EXTENSIONS

6-1 Line Extension Allowance - Upon application for electric service, the Utility shall make an extension of a primary and/or secondary line to the Applicant for Service (except that the applicant shall furnish all necessary rights-of-way) as follows:

- A. In the case of an application for Residential Service, a maximum line extension allowance of \$400 plus the service drop (not to exceed 150 feet overhead or 100 feet underground), transformer and meter.
- B. In the case of an application for General Service (GS), a maximum line extension allowance of:
 - 1. GS and Irrigation non-demand metered service: \$0.05/kWh times the Utility's estimate of the annual kWh consumption of the Customer plus the service drop (not to exceed 150 feet overhead or 100 feet underground), transformer and meter;
 - 2. GS and Irrigation demand metered service less than 1 MW: \$0.04/kWh times the Utility's estimate of the annual kWh consumption of the Customer plus the service drop (not to exceed 150 feet overhead or 100 feet underground), transformer and meter;
 - 3. GS and Irrigation demand metered service equal to or greater than 1 MW: calculated based on the Revenue/Cost Ratio described below; or
 - 4. Industrial Customers or projects requiring transmission or substation facilities: calculated based on the Revenue/Cost Ratio described below.

Revenue/Cost Ratio: The comparison between the expected annual revenue to be received from the Customer and the annual cost of serving the Customer. A Revenue/Cost Ratio greater than one (1) will result in some level of line extension cost allowance; a Ratio less than or equal to one (1) will result in no line extension cost allowance.

- C. For purposes of this Tariff, a primary line is an electric utility line that operates at over 600 volts. A secondary line is an electric utility line that operates at voltages less than 600 volts and supplies energy to more than one electric service. Unless otherwise indicated, line extension refers to a primary line extension, a secondary line extension, or both.
- D. For purposes of this Tariff, a Single Family Residential Service means electric service to a single-family house, trailer, manufactured home, or mobile home, excluding any outbuildings, improvements, irrigation pumps, facilities, or other structures located on the property.

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6-2 Line Extensions Exceeding Line Extension Allowance

A. Where a line extension cost exceeds the line extension allowance specified above in Rule No. 6-1, the Utility will require the Applicant for Service to pay the difference between the cost of the project and the line extension allowance plus the applicable surcharge (see Rule No. 6-13). This payment will be collected as an advance. When additional requests for service (new line taps) from this line extension are received within 120 months for Single Family Residential Service, or 60 months for other service from the date the extension is completed, the Utility shall:

1. Collect from the subsequent Residential or General Service Customer connecting to the original line extension an advance representing an amount that is proportional to the subsequent customer's point of connection. Proportional advances are computed as follows:

Each line extension will be divided into 100 equal segments, with each segment representing 1% of the original advance. The subsequent customer shares costs equally with all other customers served by each line segment up to their point of connection. When the point of connection is located within a line segment, the subsequent customer is responsible for their share of the full line segment.

2. Refund to customers connected to the original line extension will be treated as follows:

Single Family Residential Service Customer

- i. When a subsequent customer requests connection to the original line extension, the remaining cost obligation of customers already connected to the extension (existing customers) and the cost obligation of the subsequent customer are determined as described in Rule No. 6-2 (A)(1), and as if the subsequent customer was connected to the line extension. The refund to each existing customer is based on their remaining cost obligation.
- ii. Refunds shall not exceed the customer's proportionate share of the cost of the original line extension.
- iii. No refunds will be made or credits allowed until the additional Applicant for Service has become an active electric Customer of the Utility.
- iv. At the end of the 120-month period referred to above, no further refunds shall be made.
- v. If the original Residential line extension customer, or any subsequent customer, sells or disposes of the property for which the line extension was originally intended to serve at any time during the 120-month refund period, their successors or assignees will not be entitled to a refund from that point forward. Such

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customers will be included for purposes of calculating refunds; however the refund to which they are no longer entitled will not be refunded to other customers.

General Service and other non-Single Family Residential Customers

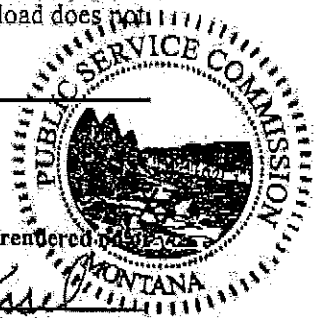
- i. Advances will be refunded to the original line extension customer, their successors or assignees, and any subsequent customers connecting to the same line. When a subsequent customer requests connection to the original line extension, the remaining cost obligation of customers already connected to the extension (existing customers) and the cost obligation of the subsequent customer are determined as described in Rule No. 6-2 (A)(1), and as if the subsequent customer was connected to the line extension. The refund to each existing customer is based on their remaining cost obligation.
 - ii. Refunds shall not exceed the customer's proportionate share of the cost of the original line extension.
 - iii. No refunds will be made or credits allowed until the additional Applicant for Service has become an active electric Customer of the Utility.
 - iv. At the end of the 60-month period referred to above, no further refunds shall be made.
3. A Customer who hires a contractor to complete an extension pursuant to Paragraph 6-14 of this Rule No. 6 is not eligible for a refund.

6-3 Advances and Refunds for Subsequent Line Extensions – When a subsequent customer requires a line extension that taps the original line extension during the applicable refund period, the Utility shall collect from the subsequent customer an advance equal to the customer's proportional share of the original advance for the original line extension determined under Rule No. 6-2 (A)(1), plus the advance for the subsequent line extension. Advances for subsequent customers connecting to the subsequent line extension will be determined based on the original advance for the subsequent line extension. For determination of refunds, see Rule No. 6-2 (A)(2).

6-4 Applicability – This Rule applies to all prospective, permanent Customers, except street, post-top, outdoor, or yard lighting service, and service for resale, provided the proposed line extension can be built from an adequate, existing line across rights-of-way which shall be supplied and cleared by the Customer. Extensions which are not capable of further revenue development, or to loads of uncertain duration, or extensions for temporary service, or which would involve any unusual conditions, are governed by the provisions of Rule No. 5.

6-5 Construction Standards – The engineering, design, materials, and method of constructing the line extension shall be determined by the Utility in accordance with its service standards. The location and route of the line extension, from an existing, adequate line, shall be established by the Utility. The Utility may refuse to build a three-phase extension in cases where the customer load does not

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require this type of extension. The line extension and all related facilities shall, at all times, be owned, maintained, and operated by the Utility.

6-6 Line Extension Cost

A. The cost of an extension, as used herein, shall include the total construction expense associated with the extension, including overhead charges, based on the minimum sized facilities needed to serve the extension. The cost shall also include the cost of any addition to, or moving of, existing facilities necessary to serve the extension. The cost of an extension shall not include meters or distribution transformers. The line extension allowance shall be in accordance with Rule No. 6-1.

In unusual circumstances where facilities could be extended from multiple existing locations, or where multiple routes could be taken from one location, the cost of an extension shall be based on the shortest technically feasible route as determined by the Utility where there is an available right-of-way and/or Utility easements and access to facilities.

B. In cases where underground facilities are required by law or these regulations, a Customer is precluded from the election of overhead service.

C. The Utility may temporarily serve Customers by overhead electric facilities in undeveloped portions of such designated area provided, however, that as such subdivision is developed, the temporary overhead facilities shall be removed and underground facilities shall be installed by the Utility. The Customer is responsible for the installation and removal costs associated with temporary facilities.

D. The Utility will perform one line extension engineering cost estimate per Applicant for Service, per year at the same location, free of charge. The Applicant for Service will be assessed a charge at the rate of \$68.12 per hour for additional line extension cost estimates. Minimum charge is \$68.12. Any line extension engineering costs collected which result in establishment of service shall be credited to Customer's line extension responsibility.

6-7 Extensions to Subdivisions or Housing Projects – Where a line extension is requested for a subdivision or housing project, the Utility may require the principal thereof to advance the entire cost of construction, and will subsequently refund this amount as specified in Rule No. 6-1, less the additional costs required to serve each Customer at this location, within 60 months from the date the original line extension is completed.

6-8 Customer Agreement – The Utility will require the Applicant for Service requesting a line extension to enter into a Customer Agreement to connect to the Utility's electric system.

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- 6-9 General Service Underground Line Extensions – When a General Service or an Industrial Customer requires underground facilities and requests the Utility to provide same, they will be supplied and installed by the Utility in accordance with Rule No. 6-1 (B) above.
- 6-10 Underground Extensions to New Service Area
- A. The Utility will install underground distribution lines in new service areas of five (5) or more consumer units when undergrounding is technically feasible.
 - B. As used in this Rule, "technically feasible" means that the trench through which the underground lines would run could be excavated by a conventional backhoe, trencher, or cable plow with no blasting and minimal use of jackhammers or like equipment required, and does not involve highway, railroad, or river crossings.
 - C. As used in the preceding subsections, "unit" means a Residential or General Service structure in a new service area, and "distribution lines" mean all electrical lines in new service areas used for the conveyance of electricity from a bulk power source to the consumer.
 - D. As used in this Rule, "undergrounding" does not include associated equipment, such as pad-mounted transformers, switchgear, and secondary terminal connection equipment, which will be installed above finished grade.
 - E. Cost allowances under this Rule shall be in accordance with Rule No. 6-1 above.
- 6-11 Conversion from Overhead to Underground Electrical Facilities – When electric Customers request a conversion of existing overhead electrical facilities to underground facilities, Customer shall make a nonrefundable contribution to the Utility equal to the cost to the Utility of the underground installation after an allowance is made for the net salvage value of materials removed after deducting from such salvage the cost of removing the same. (See Rule No. 6-13.) In those situations where a Special Improvement District is formed for the purpose of converting overhead electric facilities to underground construction, the reader is referred to the statutes covering such conversions (Montana Code Annotated, Sections 69-4-300, et seq).
- 6-12 Utility Installation Option – The maximum line extension cost allowance to which a Customer is entitled, without cost, shall be in accordance with Rule No. 6-1. The cost of an extension, as used herein, shall be determined in accordance with Rule No. 6-6. However, nothing contained herein shall prohibit the Utility from installing additional facilities in excess of those used to calculate the cost of an extension in accordance with Rule No. 6-6, if, in the opinion of the Utility, such facilities are reasonably justified by anticipated additional future load to be served, or where such

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additional facilities will be used for general system improvement or reasonable orderly development.

- 6-13 Surcharge on Advances or Contributions – Whenever, under the provisions of this Rule, an advance or contribution is required, the current surcharge as required by Utility operations shall be applied to such advance or contribution. This surcharge is to offset the effect caused by the Utility's delayed tax depreciation reimbursement of the current year tax on this advance or contribution. This surcharge is not applicable where such contributions or advances are the result of highway relocations or any government-directed relocations that benefit the public and the government is not receiving utility service.
- 6-14 Contractor to Install Extension – A retail Customer that has an individual load with an average monthly demand of less than 5,000 kilowatts may hire a contractor to extend electric facilities on the retail Customer's property to a residential, commercial or other added structure if the Utility first provides a cost estimate to extend its facilities to the new structure(s) and at the request of the Customer, the contractor has provided an alternative cost estimate. If the retail customer hires a contractor to install the extension, the Customer must pay the Utility for any costs incurred by the Utility for necessary inspections or onsite visits during construction and installation. All provisions of § 69-5-123, MCA, not mentioned herein apply and must be complied with.

