

Wheat Belt Public Power District  
Board of Directors  
Policy



Policy: C-1

Title: **Line Extension**

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**OBJECTIVE:** To establish procedures to govern the extension or upgrade of Wheat Belt's electric distribution system to serve customer loads.

**RESPONSIBLE DEPARTMENT:** Engineering

**ACCOUNTABLE:** General Manager

**DEFINITIONS:**

1. **Line Extension** is the construction of new facilities or modification to existing facilities to service a new load.
2. **Total Extension Investment (TEI)** shall mean the total estimated project cost to serve a proposed load. This Total Extension Investment shall include, but not limited to, costs related to materials, labor, vehicles, subsistence, and applicable overheads, but exclude customer-provided facilities and costs and any costs incurred but not required solely for the customer's service requirement.
3. **Allowable Investment Limit (AIL)** is the portion of the TEI that Wheat Belt will fund, based on a calculation of the contribution to net margins. The maximum amount of AIL shall not exceed \$1,000,000.
4. **Service Classifications** for the purpose of this policy are:
  - a. **Permanent Service** – A line extension to serve a customer where the amount of usage can reasonably be assured for a period of at least 36 months.
  - b. **Temporary Service** – Any service whose expected period of usage will be less than 36 months. This policy does not apply to Temporary Service. All construction costs, retirement costs and unsalvageable material costs to serve a Temporary Service must be paid in advance of construction.
5. **Contribution in Aid of Construction (CIAOC)** is the amount the customer is required to pay for the Line Extension, calculated in accordance with Table 1.

**GENERAL TERMS:**

Wheat Belt, pursuant to this Section, will make all improvements and extensions to its distribution system, which shall include street lighting units and circuits. The purpose of this Section is to establish general conditions under which Wheat Belt will make extensions or additions to electric facilities, or upgrades to existing electric facilities, and the general guidelines to be followed in determining a customer's Contribution in Aid of Construction (CIAOC).

Wheat Belt will make permanent extensions of electrical lines and facilities and require a customer to pay a CIAOC based on the customer's estimated new or increased electrical usage associated with the extension. The customer's CIAOC will be calculated on a contribution to margin basis. Wheat Belt reserves the right to determine the advisability and legality of making any extension. Extensions made by Wheat Belt shall remain the property of Wheat Belt.

Wheat Belt's Allowable Investment Limit (AIL) and the CIAOC calculations within this Section are based on the customer's projected new load. To mitigate Wheat Belt's risk for new loads not meeting projected thresholds in a given time period, Wheat Belt reserves the right, in its sole discretion, to require the customer to enter into an agreement to guarantee the recovery of line extension costs prior to construction.

### **Contribution Calculation**

1. Customer categories with regard to this calculation are as follows:
  - a. Category I: General Purpose Services (Rate Classes beginning with A)
  - b. Category II: Irrigation Services (Rate Classes beginning with I)
  - c. Category III: Commercial, Air Force and Industrial Services (Rate Classes beginning with C, D or E)
2. Wheat Belt will allow an AIL to construct facilities based on Table 1 below.
3. Customers in Category III will be analyzed on a case-by-case basis and will be required to execute a Monthly Minimum Charge Agreement (MMCA) that will ensure the customer pays sufficient monthly revenue over the initial three-year period to cover the cost of improvements.
4. The customer will be required to pay to Wheat Belt an amount equal to the amount the actual Total Extension Investment (TEI) exceeds the AIL in accordance with Table 1 below. Wheat Belt will provide the amount the customer is required to pay and the customer will be required to pay that amount in advance of construction commencement.

**Table 1: Allowable Investment Limit**

<b>Rate Class</b>	<b>Allowable Investment Limit (AIL)</b>	<b>Contribution in Aid of Construction (CIAOC)</b>
Category I	\$2,200	TEI minus \$2,200
Category II	\$78.00 per installed horsepower of the pumping motor	TEI minus AIL
Category III	3-year net margin (revenue less cost of power) calculation, not to exceed \$1,000,000.	TEI minus AIL