



**Wheat Belt Public Power District  
Board of Directors**

**POLICY**

<b>Subject: Line Extension Policy</b>			<b>Policy No. C-1</b>
<b>Original Issue: 09-27-2013</b>	<b>Last Review: 01-24-2020</b>	<b>Last Revised: 01-24-2020</b>	<b>Page 1 of 3</b>

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

**ACCOUNTABILITY:** The General Manager.

**DEFINITIONS:**

1. **Averaged Rate Class Refund Credit** will be as follows (effective June 1, 2019):
  - a. 2019 will be 60 percent of the five year averaged revenue less cost of power margin under current rates within a Rate Class. The credit will be adjusted annually at year-end.
  - b. 2020 will be 55 percent of the five year averaged revenue less cost of power margin under current rates within a Rate Class. The credit will be adjusted annually at year-end.
  - c. 2021 will be 50 percent of the five year averaged revenue less cost of power margin under current rates within a Rate Class. The credit will be adjusted annually at year-end.
  
2. **Rate Class** is determined by the size of service and classification given by Wheat Belt Public Power District based on similarity of service, and RUS revenue classifications. Classes of service billed on the Small General Purpose A-1 (under 25 kVa) rate schedule are, for example, 401 – small rural residential services, 402 – stock wells, grain bins or walking power, 410 – town residential services, etc.
  
3. Refunds for the purpose of this policy are:
  - a.) **Earned Refund Credits** are the Averaged Rate Class Refund Credit to the original customer of line extension costs. One third of the credit will be given to the customer at the time of the line extension, with a required three-year guaranteed minimum payment contract. The remaining two-thirds of the line extension credit will be allocated as a monetary credit to the original owner who remains the current owner, once the service has fulfilled the three-year contract period. The remaining credit will be allocated until such time the full earned refund credit is given, or until the end of the tenth year of service. Refund credits will be credited to the service annually on a monetary basis through a bill adjustment following the fourth year of service and every year thereafter until the end of the tenth year of service or until the full earned refund has been given. Earned refund credits cannot exceed the cost of the line extension. The full Earned Refund Credit is determined at the time of the execution of the line extension.

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“The remaining two-thirds of the line extension credit will be allocated as a monetary credit to the original owner who remains the current owner, once the service has fulfilled the three-year contract period” The connect date will be used to calculate the beginning of the refund period.

- b.) Earned Refund Payments** are payments made to the original customer of a line extension agreement when new permanent service loads are added within the first three years of the line extension agreement.
4. **Line Extension** is the construction of new facilities or modification to existing facilities to service a new load.
5. **Estimated Line Extension/Service Upgrade Costs** are all costs of labor, material, equipment and overheads associated with the construction and retirement of facilities to serve a new load. These costs will be calculated using experience-based average costs for similar facilities.
6. **Service Classifications** for the purpose of this policy are:
- a. **Permanent Service** – A line extension to serve a customer where the amount of usage and permanency of the period of usage can reasonable be assures.
  - b. **Temporary Service** – Any service whose expected period of usage will be less than two years. All construction costs, retirement costs and unsalvageable material costs to serve a Temporary Service must be paid in advance of construction.

**SCOPE:**

All distribution facilities constructed by Wheat Belt Public Power District (WBPPD) to serve its customers will conform to the terms and conditions of this policy. This policy will apply to all customer classes and will supersede any and all other WBPPD Policies where a conflict exists.

All line extensions and major service upgrades must have a Service Classification determined by a representative of WBPPD prior to the start of construction. Service Classification will include a determination by WBPPD of the Averaged Rate Class Refund Credit and estimated Line Extension Costs. A credit of one-third of the cost will be allowed by contract with a guaranteed payment requirement for the first three years of service. A Line Extension Agreement must be executed by the customer and WBPPD to establish the terms of payment based on the first three-years of the guaranteed monthly payment to equal the credit allowed.

Where a Line Extension Agreement exists and new Permanent Service loads are served from the Line Extension covered by the agreement, earned refund payments or billing adjustments may be made on a prorated basis during a period not to exceed three years. The line Extension Agreement will specify the terms of the earned refund payments or adjustments.

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A request for service that is not available under WBPPD's existing Policies or Rate Schedules may be provided for by special contract subject to approval by the WBPPD Board of Directors. The special contract will specify the estimated Line Extension/Service Upgrade costs.

The maximum amount for a line extension contribution by the District will not exceed \$1,000,000.

No line extension will be constructed until all requirements of this Policy have been met.

\_\_\_\_\_, President      Date: \_\_\_\_\_