

Rule No. 15

ELECTRIC LINE EXTENSIONS

A. Applicability & Construction and Design Specifications, Standards, Terms, and Conditions of a New Extension of Service Project

1. Under the provisions of this rule Utility shall make extensions and alterations of existing electric distribution and transmission facilities, to supply new or expanded service to Applicants.
2. In compliance with Section 783 of the Public Utilities Code, the Utility will apply only those construction and design specifications, standards, terms, and conditions that are applicable to a new extension of service project for the 18 months following the date the application for a new extension of service project is approved.
3. The Utility may adopt modifications to those construction and design specifications, standards, terms, and conditions applicable to a new extension-of-service project only in accordance with any of the following:
 - a. An emergency order or decision of the California Public Utilities Commission (CPUC) or any other state or federal agency with jurisdiction.
 - b. A work order issued by the Utility to implement construction or design changes necessitated by a customer-driven scope of work modification.
 - c. A material-related design change identified by the Utility to remedy a construction material defect that could pose a risk to public safety.
4. Approval date of a new extension of service application refers to the earlier of either the effective date of the contract for the extension of electric service or the date when the Utility first invoices the customer for the extension of electric service. "Invoice" to mean when the Utility presents an offer to the customer for the extension of service in response to an application for an extension of service submitted pursuant to the regulations of the CPUC and applicable specifications of the Utility.

B Cost

1. All Electric Extensions and Alterations
 - a. Cost shall be the Utility's estimated cost of making such extensions and alterations by the least expensive method which is also in accordance with Utility's engineering and construction practices. Whenever Utility, at

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B Cost

1. All Electric Extensions and Alterations

a. (continued)

its option, installs facilities of greater capacity or length than would be adequate to provide the requested service, the cost for the purposes of this rule will be the Utility's estimated cost of a normal system designed with facilities of such capacity and along such a route as would be adequate to provide the requested service. Whenever the Utility, at its option and upon Applicant's request, installs facilities the cost of which exceeds that of a system deemed by the Utility to be adequate to provide the requested service, the excess cost shall be considered non-refundable.

b. Cost may, at Utility's option, include that portion of the cost of previously installed facilities, which were installed or oversized by Utility in preparation for providing service to future customers. In no case shall Applicant be held responsible for any portion of the cost of facilities in excess of those which would have been adequate to provide the requested service.

c. The base cost of all extensions and alterations made hereunder shall include Utility's costs for all regulatory, environmental and other fees, engineering, inspection, material, labor, transportation, costs for removal of existing facilities less their salvage value, associated overheads and other charges which are related to the extension or alteration, including any modification or improvement of existing facilities which is required to provide the requested service.

d. Overhead Extensions and Alterations - Cost shall include poles, wire, insulators, transformers, switches and other appurtenances necessary to provide the requested service.

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B. Cost

1. All Electric Extensions and Alterations (continued)
 - e. Underground Extensions and Alterations - (Utility shall only make underground extensions in those areas where Utility maintains or desires to maintain underground facilities for its operational convenience or in accordance with applicable laws, ordinances or similar requirements of public authorities.) Cost shall include cables, connections, terminations, riser materials, transformers and other underground materials necessary to provide the requested service. Applicant shall provide and install all trench, backfilling, backfill material, excavation, breaking of pavement, paving, repaving, transformer pads, vaults, enclosures, boxes, conduits, and all other work relating to structures and substructures at no expense to the Utility. **(T)**
 - f. On site substations - when a new substation is required, all site preparation, including but not limited to grading and fencing will be provided by Applicant at no expense to Utility. **(T)**
2. Temporary Extensions and Alterations

In addition to all costs applicable to the installation of facilities, cost shall include the removal less salvage of facilities installed hereunder.

C. Advances

1. An advance, equal to Utility's estimated cost, in accordance with Section B., less the free allowance provided for in Section D. will be required thirty (30) days prior to the start of construction on any extension or alteration made under the provisions of this rule. Provided, however, no advance shall be required if the difference between the Utility's estimated cost and the free allowance is less than two hundred dollars (\$200.00). Such advance shall consist of cash and a credit for Applicant installed or provided items, except that portion of an extension or alteration which will be provided by Applicant at no expense to Utility, under Section B. This credit shall be equal to Utility's estimated cost of installing or providing same, and excluding any oversized facilities - the cost of which shall be handled pursuant to Section F.2.d. of this rule.

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C. Advances (continued)

2. Utility may require an acceptable bond, letter of credit or guaranty related to the required cash advance whenever installation of the requested extension requires firm scheduling by the Utility more than thirty (30) days prior to construction. Bonds, letters of credit or guarantees provided for this purpose will be replaced with cash thirty (30) days prior to construction, except that the cost of special materials not normally stocked by Utility in the quantities needed, will be advanced in cash prior to the ordering of such materials.
3. In those instances where more than one Applicant is to be served jointly from the same extension or alteration, the total advance required from such group of Applicants shall be apportioned after the conclusion of the Line Extension Agreement, between the members of the group. At the time of the execution of said Line Extension Agreement, a single advance will be required of the sole applicant. The total advance shall equal the Utility's total cost for providing service to the group, less the combined free allowance provided for in Section D. (T)
4. Cash advances related to projects with total estimated construction costs exceeding \$5,000 will be adjusted to reflect the Utility's actual cost of construction. Adjustments shall be limited to those portions of the advance pertaining to facilities installed by the Utility. Applicant installed credits will not be subject to adjustment. (T)
5. All advances and advance adjustments made pursuant to Sections C.1. through C.4. above and all nonrefundable contributions required under this rule will be increased to reflect the Utility's net tax liability on such advances and/or contributions. The advance, as described above, will be multiplied by the appropriate tax liability factor, which includes cost component to cover Liberty estimated liability for Federal Income Tax and California State Tax as provided for in Preliminary Statement, Section 10.

The tax liability portion of any advance or contribution must be paid by the Customer in cash.

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D. Construction Allowances (T)

1. The allowable investment for electric customers will be calculated individually so that the non-fuel revenues derived from such application will be sufficient to support the carrying costs on the allowable investment and a contribution to margin from that customer during the projected life of the project.
2. The Utility will install that portion of the line extension in excess of the allowance, subject to the payment of an advance pursuant to Section C.
3. As a condition for granting free allowance, the Utility may require a contract providing for:
 - a. The repayment of any free allowance granted, but not justified.
 - b. Minimum revenue guarantee and/or.
 - c. Termination/reduction of service charges.

Provided, however, the utility shall require a minimum revenue guarantee and termination/reduction of service charges for all projects the estimated construction costs of which exceed \$350,000 and for all projects of abnormal risk. Such contract may also provide that if the Applicant fails to take service in the amount stated as the basis for estimating the allowable investment, the Utility may calculate and bill the customer an amount to recover the allowance granted but not justified based on actual annual billings.

4. For projects where the special contract provisions under D.3. are unacceptable to the Utility or the Applicant, the Utility may require the entire cost of the project as an advance.

The allowance in Sections D.3 and D.4 are based on a revenue-supported methodology (N) using the following formula:

$$\text{ALLOWANCE} = \text{NET REVENUE} \div \text{COST OF SERVICE FACTOR}$$

5. Non-Residential Allowances. The allowance for Distribution Line Extensions, Service Extensions, or a combination thereof, for Permanent Non-Residential Service is determined by Liberty utilities using the formula in Section D.1.

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6. Residential. The allowance for Distribution Line Extensions, Service Extensions, **(N)** or a combination thereof, for Permanent Residential Service is \$2,923 per meter or residential dwelling unit.

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ELECTRIC LINE EXTENSIONS

E. Refunding

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2. All advances made by Applicant(s) under the provisions of this rule, which are not classified as a contribution in aid of construction by Utility, shall be subject to refund, to the party or parties entitled thereto as set forth in this section. Except as noted in Section E.3 of this rule, all refunds shall be made without interest. All refunds described below in Sections E.2. through E.9. will be increased by the same tax liability factor, from Section C.5. above, that was used in determining the original advance against which the refund is being applied.

23. Refunding will be based on revenues in excess of the level used as the basis for a free allowance, derived from the following customers, who initiate service within ten (10) years of the date of the extension agreement:

a. Those served directly from the subject extension or alteration, as long as subject extension or alteration is the first in a series from the original point of supply for which a portion of an advance remains refundable.

b. Those served from subsequent extensions-of or additions-to the original extension. Refunds based on revenues in this section shall be made to the Applicant having the first extension in series from the original point of supply, for which a portion of an advance remains refundable.

34. Refunds based on estimated usage levels shall be paid by the Utility within ninety (90) days of a complete twelve (12) month period of usage data.

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45. Customers who advance the entire cost of a project under Section D.4. will receive refunds based on revenues from their service in the first ten years following the date their service is connected, unless the Utility and Customer agree that a shorter refund period should be utilized. At the end of each year of service, the free allowance that would have been granted under Section D.1. had they not been subject to Section D.4. will be computed based upon their annual revenues for the past year. The refund for each year will be one tenth (.10) of such amount, so computed for that year, unless a shorter refund period has been utilized, in which event the calculation of the refund shall be adjusted to reflect the period over which the refund is being computed.

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E. Refunding (continued)

- 6. In those cases where two or more parties make a joint advance on the same extension, Utility shall distribute refundable amounts to such parties in the same proportion as their individual advances bear to the joint total advance, unless otherwise directed by all parties.
- 7. Refundable amounts hereunder may be accumulated before refunding to twenty-five dollars (\$25.00) minimum or to total refundable balance if less than twenty-five dollars (\$25.00).
- 8. Refunds hereunder shall be made for new customer connections during the period not to exceed ten (10) years after the date of the extension agreement.
- 9. The total amount refunded hereunder shall not exceed the total amount advanced.
- 10. Except for refunds from customer connections made within ten years of contract execution, any portion of the advance which remains unrefunded ten (10) years after the date of the line extension agreement, will become the property of the Utility.

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F. General Conditions

- 1. Facilities
 - a. Utility shall install hereunder only those facilities which it deems necessary to render service in accordance with its tariff schedules. However, Utility at its option, may install facilities with greater capacity or of greater length than would be required for the service requested by Applicant. In such event, the advance required of Applicant shall be based on the estimated cost of the most economical and operationally efficient method of serving the Applicant, as detailed in Section B.
 - b. Conversions of Existing Electric Facilities
 - 1. Overhead to underground conversions will be made entirely at Utility's option, with costs being calculated according to Section B. Free allowance and refund consideration will be given only for new or additional revenues derived from customers served from the underground facilities installed hereunder.

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F. General Conditions (continued)

- 2. Single phase to three phase conversions will be made under the provisions of this rule only when Applicant qualifies for the requested service under the provisions of Rule No. 2. Costs shall be calculated according to Section B. Free allowance and refund consideration shall be given only for new or additional revenues derived from customers receiving three phase service from the conversion made hereunder.
 - c. All facilities installed by Utility and Applicant hereunder shall be and remain the sole property of the Utility.
 - d. Size, type, quality of material and location of facilities hereunder shall be selected by the Utility.
 - e. Where either final grade or the alignment of roads, streets and alleys, in the proximity of proposed extensions, have not been established and there is a reasonable probability that said grades or alignments will be changed within three (3) years, Utility will require that Applicant deposit, cash or post an acceptable surety bond at the time of the execution of the extension agreement in the amount of the Utility's estimated cost of relocation. Upon completion of any such relocation which is made within three (3) years of the date of the original extension, Applicant shall replace said surety bond with cash in the amount of Utility's actual cost incurred in making the relocation. Where Applicant has deposited cash to cover such relocation, that deposit shall be adjusted by Applicant or Utility to reflect Utility's actual cost incurred in making the relocation.
- 2. Construction
 - a. Unless specifically provided for in Sections B or F. 2. d. all construction shall be the responsibility of the Utility or its agent.
 - b. All work performed by the Applicant shall be performed in such a manner as to permit Utility to perform its work without delay and in an efficient manner.

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F. General Conditions

2. Construction (continued)

c. It shall be Utility's intention to install facilities hereunder as soon as possible following completion of Applicant's obligations, however, due to work load fluctuations and Utility's obligations to perform unscheduled emergency work, both of which are beyond control of Utility, Utility will not be held responsible for damages or other inconveniences resulting from unavoidable delays in construction of facilities installed hereunder.

d. Applicant Installations

Applicants for line extensions shall have the option of installing facilities, in excess of those specified as being the Applicant's responsibility under this rule, only when the Utility is unable to guarantee availability of it's crews for installation or availability of a contractor to meet the Applicant's reasonable project schedule.

The Applicant must initially provide the Utility with plans and load information in a timely manner to allow the Utility to develop detailed plans, costs, and a construction schedule. A reasonable construction schedule will provide for up to ninety (90) days or one hundred and eighty (180) days for electric extensions where demand will exceed one thousand (1,000) kilowatts for design, with construction scheduled to commence within thirty (30) days from receipt of Applicant's advance or as mutually agreed between the Utility and Applicant.

The following conditions must be complied with for an Applicant to qualify to install facilities under the provisions of an Applicant installation:

- (1) All design, plans, and specifications shall be prepared by the Utility at the Applicant's expense.
- (2) All phases of the project installation shall be subject to inspection by the Utility, at Applicant's expense.
- (3) The Applicant's contractor must qualify in accordance with the Utility's guidelines for a Qualified Contractor for Utility installations. The contractor must be accepted on the Utility's Pre-Qualified Contractors List and have sufficient qualified personnel and sufficient reliable equipment to perform in a workmanlike manner before any installation is commenced.

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F. General Conditions

2. Construction (continued)

- (4) The Applicant and/or his contractor must comply with the Utility's Gas/Water Distribution System Improvement Standards and/or Electric Installation Guide, and also any additionally specified construction standards and/or governmental requirements, i.e., OSHA, City, County, State, etc. that may apply, in all phases of the project installation.
- (5) The Applicant must provide all material in accordance with the specifications of Utility's stock materials catalogs and all material provided will be subject to acceptance by the Utility, based on inspections by the Utility at Applicant's expense.
- (6) The Applicant must also agree to guarantee all material and workmanship against defects for one (1) year following final acceptance of the work by the Utility. This guarantee shall be made a part of the Utility's Line and Main Extension Agreement.
- (7) If, during installation of facilities under provisions of an Applicant installation, the Applicant's contractor, for any reason, must cease work on the installation, the Utility must be notified by the contractor at least five (5) working days prior to recommencement of work.
- (8) The Applicant must agree to install any oversized facilities specified by the Utility. The Applicant will be reimbursed the Utility's estimated cost difference of the oversized facility and a facility sufficient to provide required service. This cost will consist of:
 - (a) The additional cost of oversized facility (when provided by the Applicant).
 - (b) The Utility's estimated additional cost to install the oversized facility.
 - (c) The Utility's estimated additional cost to provide and install extra trench and backfill required for the oversized facility.

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F. General Conditions

2. Construction (continued)

The Applicant will be reimbursed the cost of oversizing thirty (30) days prior to the start of construction or the advance otherwise due Utility may be reduced to reflect a credit for such oversizing.

(9) The Applicant must start the project in accordance with the Utility's established schedule and pursue the work in a satisfactory rate.

3. Extension Agreements

a. All Applicants requesting service under the provisions of this rule shall be required to enter into Extension Agreements covering the terms under which Utility shall make extensions and/or alterations.

b. Refunds due and payable pursuant to any agreement entered into under this rule may be assigned upon written notice to Utility by the holder of said Agreement, as shown on Utility's records. Such assignment shall apply only to those refunds which become due more than thirty (30) days after date of receipt by Utility of the notice of assignment.

4. Estimates, Plans and Specifications

a. Upon request by potential Applicants for extensions, Utility shall, without charge, prepare preliminary sketches and estimates of costs and amounts to be advanced from such information as provided by Applicants.

b. Applicants for extensions and/or alterations of facilities requesting Utility to prepare detailed plans, specifications and cost estimates shall be required to deposit the estimated cost of preparation of such material.

1. Such requests shall be accompanied by maps to suitable scale showing street and lot layouts, and if requested by Utility, contours or other indications of relative elevations of various parts of area to be developed. Applicant shall also provide a proposed construction schedule and service date.

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F. General Conditions

4. Estimates, Plans and Specifications (continued)

- 2. As requested by Utility, Applicant shall furnish any required property ownership, property description, plot plan or record of survey information concerning the area to be served under the provisions of this rule.
 - 3. If changes are made subsequent to the presentation of the aforesaid information and these changes require additional expense to Utility in revising plans, specifications and cost estimates, this additional expense shall also be advanced by Applicants.
 - 4. Utility shall, upon request, make available within ninety (90) days after receipt of the deposit or deposits referred to above, such plans, specifications and cost estimates of proposed extensions except that such information relative to electric extensions to serve projects where demand will exceed 1,000 kilowatts, will be provided within one hundred and eighty (180) days after deposit receipt. If extensions are to include oversizing of facilities to be done at Utility's expense, appropriate details shall be set forth in the plans, specifications and cost estimates.
 - 5. If an extension agreement is executed between such Applicants and Utility within twelve (12) months after detailed plans, specifications and cost estimates are furnished, the aforesaid deposit or deposits shall become a part of any required advances and shall be refunded in accordance with the extension agreement.
 - 6. If an extension agreement is not executed between such Applicants and Utility within twelve (12) months after detailed plans, specifications and cost estimates are furnished, the aforesaid deposit or deposits shall be forfeited.
- c. Estimates provided hereunder shall be firm for a period of three (3) months after the date of transmittal.

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F. General Conditions (continued)

- 5. Easements, Rights-of-Way, and Permits
 - a. Utility shall only make extensions under this rule when such extension will be located in a public street, road or highway which Utility has the legal right to occupy or on public lands and private property across which rights-of-way, easements or permits satisfactory to the Utility may be obtained.
 - b. Utility shall not purchase rights-of-way for extensions made under the provisions of this rule.
- 6. Utility shall maintain detailed records of actual costs and provide all Applicants with an opportunity for review of such records, for a period of three (3) years following completion of the line or main extension.
- 7. In case of disagreement or dispute regarding application of any provision of this rule, or in circumstances where application of this rule appears unreasonable to either party, Utility or Applicant may refer the matter to the Public Utilities Commission of the State of California for determination. During the period that the Commission is deliberating over a dispute submitted to it by either the Utility or Applicant, Utility or Applicant shall not delay the start of construction nor discontinue construction.
- 8. Customer contributions for all work, inspections, etc., under these General Conditions will be increased to reflect the Utilities net tax liability, which includes cost component to cover CalPeco's estimated liability for Federal Income Tax and California State Tax as provided for in Preliminary Statement, Section 10.

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