
I. Line Extensions - Conditions and Definitions**A. Contracts**

Before building an Extension, the Company may require the Applicant to sign a contract. Where a tenant occupies the service location, the Company may require the property owner to sign the contract.

B. Contract Minimum Billing

The Contract Minimum Billing is the greater of: (1) the Consumer's monthly bill; or, (2) 80% of the Consumer's monthly bill plus the Facilities Charges. Consumers on a seasonal rate receive an annual Contract Minimum Billing of the greater of: (1) the Consumer's annual bill; or, (2) 80% of the Consumer's annual bill plus the Annual Facilities Charge. The Annual Facilities Charge is twelve (12) times the Facilities Charges. Contract Minimum Billings begin on the date service is first made available by the Company, unless a later date is mutually agreed upon.

For Consumers electing Standard Offer or Direct Access Service, the charges for Supply Service, ESS charges and the Transition Adjustment are excluded from the Consumer's bill before calculating the Contract Minimum Bill. For these Consumers the Contract Minimum Billing is the greater of: (1) the Consumer's monthly bill; or, (2) 60% of the Consumer's monthly bill plus the Facilities Charges. Consumers on a seasonal rate receive an annual Contract Minimum Billing of the greater of: (1) the Consumer's annual bill; or, (2) 60% of the Consumer's annual bill plus the Annual Facilities Charge.

C. Direct Assigned Facilities

Direct Assigned Facilities are those required facilities located between existing Company network facilities and the Consumer's point of delivery, and used for the sole use and benefit of the Consumer receiving service under the tariff and are owned and operated by the Company.

Extensions consisting of Direct Assigned Facilities are made at the Consumer's expense less their applicable Extension Allowance as provided in this Rule 13.

D. Engineering Costs

The Company includes designing, engineering and estimating in its Extension Costs. The Company may require the Applicant to advance the Company's estimated Engineering Costs, but not less than \$200. The Company will apply this advance payment to its Extension Costs. If, after applying the Extension Allowance, it is determined that the total advance required is less than the advance already received, the excess will be refunded to the Applicant.

If the Applicant or Consumer requests changes that require additional estimates, they must advance the Company's estimated Engineering Costs, but not less than \$200 for each additional estimate. The Company will not refund or credit this payment.

E. Extension or Line Extension

A branch from, a continuation of, or an increase in the capacity of an existing Company-owned transmission or distribution line. An extension may be single-phase, three-phase, or a conversion from a single-phase line to a three-phase line. An extension may also be the addition of, or increase in the capacity of other facilities.

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I. Line Extensions - Conditions and Definitions (continued)**F. Extension Allowance**

The Extension Allowance is the portion of the Extension that the Company may provide, or allow, without cost to the Applicant. The portion will vary with the class of service that the Applicant requests and shall not exceed the Extension Costs.

The Extension Allowance does not include additional costs resulting from: additional voltages; duplicate facilities; additional points of delivery; or any other Applicant requested facilities that add to, or substitute for, the Company's standard construction methods or preferred route. The Extension Allowance is not available to Consumers receiving electric service under special pricing contracts. Revenue used for calculating Extension Allowances will exclude charges and credits for Supply Service, ESS Charges and the Transition Adjustment.

G. Extension Costs

Extension Costs are the Company's total costs for constructing an Extension using the Company's standard construction methods, including services, transformers and meters, labor, materials and overhead charges.

H. Extension Limits

The provisions of this Rule apply to Line Extensions that require standard construction and will produce sufficient revenues to cover the ongoing costs associated with them. The Company will construct Line Extensions with special requirements or limited revenues under the terms of special contracts.

Examples of special requirements include, but are not limited to, unusual costs incurred for overtime wages, use of special equipment and facilities, accelerated work schedules to meet the Applicant's request, or non-standard construction requirements.

I. Facilities Charges

Line Extension Facilities Charges are those costs associated with the ownership and maintenance of facilities built to provide service. When assessed these Facilities Charges are in addition to standard rate schedule charges and are specified in Schedule 300.

J. Network Upgrades

Network Upgrades are modifications or additions to existing Company facilities required to serve load that is requested by an Applicant and are integrated with and support the Company's overall transmission and distribution network(s) for the general benefit of all users of such network(s). However requests to change the nature of an existing line, such as rebuilding from single-phase to three-phase, will be treated as Direct Assigned Facilities for cost allocation purposes. Other than on low-voltage secondary network systems (\leq 750 volts), distribution transformers and secondary cable are not network facilities and are treated as Direct Assigned Facilities for cost allocation purposes.

Network Upgrades of transmission facilities of 230 kV and above and utilized and defined as a transmission path, or facilities that are on the Western Electric Coordinating Council (WECC) critical path list, and associated substations, will be made at Company expense.

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I. Line Extensions - Conditions and Definitions (continued)

J. Network Upgrades (continued)

Network Upgrades on systems not exempted above are made as follows:

1. Distribution Networks greater than 750 volts
 - a. Upgrades for Consumers with total loads of 1000 kVA or less will be made at Company expense.
 - b. Upgrades for Consumers with total loads in excess of 1000 kVA will share in the Network Upgrade cost. The Consumer's share of the required Network Upgrade cost is proportional to the amount of the new requested load divided by the sum of the total capacity of the required Network Upgrade less the existing load on the existing network facility.
2. Upgrades for Consumers on low-voltage network systems (≤ 750 volts) will share in the Network Upgrade costs. The Consumer's share will be proportional to the new requested load in kVA divided by the total kVA capacity of the required Network Upgrade. Total kVA capacity is defined by the single Network element (transformer, primary cable, or secondary cable) with the largest kVA increase in capacity.

If the Extension Allowance of a Consumer who shares in the cost of a Network Upgrade does not cover their proportionate share of the Network Upgrade cost, they shall pay a nonrefundable advance of the difference.

K. Refunds

An Applicant who pays a refundable advance on an Extension is eligible for up to three refunds during the first five years. Within that five-year period the Applicant may waive any refund that is less than 25% of the Applicant's total refundable advance in order to accept three (3) refunds offering greater value. An Applicant is not eligible for refunds from future Extension applications from themselves.

For non-waived refunds the additional Applicants must pay the Company, prior to connection, as provided in the section for the original Applicant. The Company will refund such payments to the Applicant(s) who paid the refundable advance. The Company will not collect from additional Applicants any portion of a waived refund.

An Applicant to whom a refund is due, but who the Company has failed to identify or has been unable to locate, has 36 months from the connection of the additional Applicant to request their refund.

L. Restrictions

An Extension of the Company's facilities is subject to these rules and other rules and restrictions. These may include, but are not limited to: laws of the United States; State law; executive and administrative proclamations; Commission orders or regulations; or, any lawful requirement of a governmental body.

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I. Line Extensions - Conditions and Definitions (continued)**M. Routes, Easements and Rights-of-Way**

The Company will select the route of an Extension in cooperation with the Applicant. The Applicant will acquire and pay all costs, including renewal costs, of obtaining complete unencumbered rights-of-way, easements, or licenses to use land, and will pay all costs for any preparation or clearing of land the Company may require. All rights-of-way, easements or licenses shall be on Company-provided standard forms, subject to revisions acceptable to the Company, and shall not include indemnification of the Applicant. If requested by the Applicant, the Company will assist in obtaining rights-of-way, easements or licenses as described above at the Applicant's expense.

N. Rules Previously in Effect

Rule changes do not modify existing Extension contracts. If a Consumer advanced funds for an Extension under a rule or a contract previously in effect, the Company will make refunds for additional Consumers as specified in the previous rule or contract.

O. Service Conductors

The secondary-voltage conductors owned and maintained by the Company extending from the Company's facility to the Point of Delivery.

II. Residential Extensions**A. Extension Allowances**

The Extension Allowance for permanent residential applications is \$1100 per residence. The Extension Allowance for permanent residential applications in a planned development with secondary to the lot line is \$500, otherwise it is \$1100. The Applicant must advance the costs exceeding the Extension Allowance prior to the start of construction.

B. Additional Applicants, Advances and Refunds

A Consumer that pays for a portion of the construction of an Extension may receive refunds if additional Applicants connect to the Extension. The Consumer is eligible for refunds during the first five (5) years following construction of an Extension for up to three (3) additional Applicants as given in section I.K. Refunds. Each of the next three (3) Applicants for which refunds are not waived, utilizing any portion of the initial Extension must pay the Company, prior to connection, 25% of the cost of the shared facilities. The Company will refund such payments to the initial Consumer.

C. Remote and Seasonal Service**1. Contracts**

The Company will make Extensions for Remote and Seasonal Residential Service according to a written contract. The contract will require the Applicant to advance the estimated cost of facilities in excess of the Extension Allowance. The Applicant shall also pay a Contract Minimum Billing for as long as service is taken, but in no case less than five (5) years. Primary residences are not Remote when the density of such residences exceeds one residence per one-half mile of line. Facilities Charges will cease when Consumers are no longer Remote.

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II. Residential Extensions (continued)

C. Remote and Seasonal Service (continued)

1. Contracts (continued)

The Contract Minimum Billing will not include Facilities Charges on the first one-half mile of line from the Company's existing distribution facilities. Where there are groups of remote facilities only the first one-half mile is exempt from Facilities Charges.

After the initial five year contract period, Remote Service Contract Minimum Billings may be canceled by termination of electric service to the Consumer's premises and Consumer payment of the removal costs of those inactive facilities originally installed to serve the Consumer.

2. Additional Applicants

During the first five years after the Company completes the Extension, each of the next three Applicants must pay an allocated share of the original Consumer's contribution. The Company will determine these shares taking into account: (a) how much of the original line the new Applicant shares; (b) the load sizes of the Applicant and the existing Consumers; and (c) the advances of the existing Consumers. The Applicant must pay this allocated share before the Company will provide service. The Company will refund this share to the existing Consumers.

Additional Applicants also must also share the Facilities Charges of the existing Consumers. The Facilities Charges of the refund are allocated to the Applicant paying the refund.

The Applicant also must pay the estimated cost of any facilities exceeding the Extension Allowance.

D. Three Phase Residential Service

Where three-phase residential service is requested, the Applicant shall pay the difference in cost between single phase and three-phase service.

E. Transformation Facilities

When an existing residential Consumer adds load, or a new residential Consumer builds in a subdivision where secondary is available at the lot line, either by the means of a transformer or a secondary junction box, and the cumulative loads exceed the existing transformer's, service conductor's or other equipment's rated design capacity:

- 1) The facility upgrade will be treated as a standard line extension if the Consumer's demand exceeds 25 kVA, or if the facilities serve only that Consumer.
- 2) The facility upgrade shall be treated as a system improvement and not be charged to the Consumer if the Consumer's demand does not exceed 25 kVA and the facilities are shared by two or more consumers.

Upgrades and modifications to correct service quality issues such as flicker are done at the expense of the Consumer causing the service quality issue.

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II. Residential Extensions (continued)**F. Underground Extensions**

The Company will construct Extensions underground when requested by the Applicant or if required by local ordinance or conditions. The Applicant shall provide all trenching and back filling, imported backfill material, conduits, and equipment foundations that the Company requires for the Extension. If the Applicant requests, the Company will provide these items at the Applicant's expense. The Applicant must also pay for the conversion of any existing overhead facilities to underground, under the terms of Section VI of this Rule.

III. Nonresidential Extensions**A. Extension Allowance – Delivery at Transmission Voltage**

The Company will grant Consumers taking service at 57,000 volts or above an Extension Allowance of the metering necessary to measure the Consumer's usage. Other than the allowance, Consumers taking delivery at transmission voltage are subject to the same line extension provisions as a Consumer requiring more than 1000 kW who takes service at less than 57,000 volts.

B. Extension Allowance – Delivery at Secondary or Primary Voltage**1. 1,000 kW or less**

The Company will grant Nonresidential Applicants requiring 1,000 kW or less an Extension Allowance equal to the estimated annual revenue the Applicant is expected to pay the Company in a year of normal operations under cost-based service. The Applicant must advance the costs exceeding the Extension Allowance prior to the start of construction.

The Company may require the Consumer to pay a Contract Minimum Billing for five years. If the Consumer is Remote they shall pay a Contract Minimum Bill for as long as service is taken, or until they no longer meet the criteria for Remote Service.

2. Over 1,000 kW

The Company will grant Nonresidential Applicants requiring more than 1,000 kW an Extension Allowance equal to the estimated annual revenue which the Applicant is expected to pay the Company in a year of normal operations under cost-based service. The Applicant must advance the costs exceeding the Extension Allowance. Fifty percent of the advance is due when the contract is executed with the remaining balance due upon completion of the Extension.

The Applicant must pay a Contract Minimum Billing for as long as service is taken.

If service is terminated within the first ten (10) years, the Applicant must pay a termination charge equal to the Extension Allowance less 1/10th of the allowance for each year service was taken.

3. Additional Capacity

The Extension Allowance for Consumers, where it is necessary for the Company to increase the capacity of their facilities to serve the Consumer's additional load, is calculated on the increase in revenue estimated to occur as a result of the additional load.

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III. Nonresidential Extensions (continued)**C. Additional Applicants, Advances and Refunds – All Voltages****1. Initial Consumer - 1,000 kW or less**

A Consumer that pays for a portion of the construction of an Extension may receive refunds if additional Applicants connect to the Extension. The Consumer is eligible for refunds during the first five (5) years following construction of an Extension for up to three (3) additional Applicants. Each of the next three Applicants, for which refunds are not waived, utilizing any portion of the initial Extension must pay the Company, prior to connection, 25% of the cost of the shared facilities. The Company will refund such payments to the initial Consumer.

2. Initial Consumer - 1,000 kW or greater

A Consumer that pays for a portion of the construction of an Extension may receive refunds if additional Applicants connect to the Extension. The Consumer is eligible for refunds during the first five (5) years following construction of an Extension for up to three (3) additional Applicants. Each of the next three Applicants, for which refunds are not waived, utilizing any portion of the initial Extension must pay the Company, prior to connection, a proportionate share of the cost of the shared facilities. The Company will refund such payments to the initial Consumer.

Proportionate Share = $(A + B) \times C$

Where:

A = [Shared footage of line] x [Average cost per foot of the line]

B = Cost of the other shared distribution equipment, if applicable

C = [New additional connected load]/[Total connected load]

3. Adjustment of Contract Minimum Billing

The Facilities Charges of Consumers that receive a refund are reduced by the Facilities Charge amount associated with the refund and are allocated to the Applicant paying the refund.

After five years Consumers with ongoing Facilities Charges on Direct Assigned facilities, which subsequently are used to serve other consumers, may have their Facilities Charges adjusted based on their proportionate share of the extension costs. The Consumer's proportionate share is determined using the greater of their total contracted demand or two year historical peak demand for the "New additional connected load" in the proportional share formula above.

If the Company releases reserved capacity under Section III.D. Consumers may have the basis of their Facilities Charges reduced by the value of the released capacity.

D. Reduction in Contract Capacity or Demand

The Company is not obligated to reserve capacity in Company substations, or on Company lines, or maintain service facility capacity in place to serve a Consumer in excess of the maximum recorded and billed Consumer demand in the most recent 36 months, unless contract provisions providing for greater demand are less than 36 months old.

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III. Nonresidential Extensions (continued)**D. Reduction in Contract Capacity or Demand (continued)**

If there are contract provisions providing for additional incremental capacity in the future, the cost of which was included in the Consumer's allowance or advance, the incremental capacity will be reserved or made available by the date given in the contract and kept available for a period of 36 months, after which the Company is no longer obligated to keep available the unused portion of that incremental capacity.

E. Underground Extensions

The Company will construct line Extensions underground when requested by the Applicant or if required by local ordinance or conditions. The Applicant must pay for the conversion of any existing overhead facilities to underground, under the terms of Section VI of this Rule. The Applicant must provide all trenching and backfilling, imported backfill material, conduits, and equipment foundations that the Company requires for the Extension. If the Applicant requests, the Company will provide these items at the Applicant's expense. When the Extension is to property which is not part of an improved development, the Company may require the Applicant to pay for facilities on Applicant's property to provide for additional service reliability or for future development.

F. Street Lighting

The Extension Allowance to streetlights taking service under Rate Schedules 51/751 or 53/753 or 54/754 is equal to five times the annual revenue from the lights to be added. The Applicant must provide a non-refundable advance for costs exceeding the Extension Allowance prior to the lights being added. Facilities charges and Contract Minimum Billings do not apply to streetlights.

IV. Extensions to Planned Developments**A. General**

Planned developments, including subdivisions and mobile home parks, are areas where groups of buildings or dwellings may be constructed at or about the same time. The Company will install facilities in developments before there are actual Applicants for service under the terms of a written contract.

When an existing development is re-platted or changes configuration or use, the revised portion of the development shall be designed to meet current standards. For impacted lots that have had been built upon and have Consumers who have been receiving service in excess of five years, the Applicant will be responsible for the costs of removal, and thereafter their request will be treated as a new construction request. Otherwise the request will be treated as a relocation.

B. Allowances and Advances

For nonresidential developments the Developer must pay a non-refundable advance equal to the Company's estimated installed costs to make primary service available to each lot. An Applicant, who contracts for service before or in conjunction with the Developer, may contract to use the excess of their allowance, if any, to help fund the primary voltage facilities necessary to serve them.

For residential developments the Company will provide the Developer an Extension Allowance of \$600 for each lot to which secondary voltage service is made available. The Developer must pay an advance for all other costs.

For multi-unit residential buildings, the Company will provide a total Extension Allowance of \$1100 for each residence.

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IV. Extensions to Planned Developments (continued)**B. Allowances and Advances (continued)**

For both nonresidential and residential developments the Company may require the Developer to pay for facilities to provide additional service reliability or future development.

C. Refunds

The Company will make no refunds due to Applicants connecting within a development. Except for Network Upgrades, a Developer may receive refunds when Applicants outside the development connect to the Extension to the development, or to a feeder extending alongside or through the development, for which the Developer has paid an advance. The Developer is eligible for these refunds during the first five (5) years following construction of the Extension for up to three (3) additional Applicants. Each of the next three (3) Applicants, for which refunds are not waived, connecting to any portion of the refundable Extension, must pay the Company, prior to connection, 25% of the cost of the shared facilities. The Company will refund such payments to the Developer.

D. Underground Extensions

The Company will construct line Extensions underground when requested by the Developer or required by local ordinances or conditions. The Developer must pay for the conversion of any existing overhead facilities to underground, under the terms of Section VI of this Rule. The Developer must provide all trenching and backfilling, imported backfill material, conduits, and equipment foundations that the Company requires for the development. If the Developer requests, the Company will provide these items at the Developer's expense.

V. Extension Exceptions**A. Applicant Built Line Extensions****1. General**

An Applicant may contract with someone other than the Company to build a Line Extension. The following circumstances, however, are not an option for Applicant Built Line Extensions: relocations, conversions from overhead to underground, going from single-phase to three-phase, or increasing the capacity of facilities. The Applicant must contract with the Company before starting construction of an Applicant Built Line Extension. When the Applicant has completed construction of the Line Extension and the Company approves it, the Company will connect it to the Company's facilities and assume ownership.

2. Liability and Insurance

The Applicant assumes all risks for the construction of an Applicant Built Line Extension. Before starting construction, the Applicant must furnish a certificate naming the Company as an additional insured for a minimum of \$1,000,000. The Applicant may cancel the policy after the Company accepts ownership of the Line Extension.

3. Advance for Design, Specifications, Material Standards and Inspections

The Applicant must advance the Company's estimated costs for design, specifications, material standards and inspections. When the Applicant has completed construction, the Company will determine its actual costs and may adjust that portion of the Applicant's advance. If the actual costs exceed the Applicant's advance, the Applicant must pay the difference before the Company will accept and energize the Line Extension. If the actual costs are less than the Applicant's advance, the Company will refund the difference.

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V. Extension Exceptions (continued)**A. Applicant Built Line Extensions (continued)****3. Advance for Design, Specifications, Material Standards and Inspections (continued)**

The Company will estimate the frequency of inspections and convey this to the Applicant prior to the signing of the contract. For underground Line Extensions, the Company may require that an inspector be present whenever installation work is done.

4. Construction Standards

The Applicant must construct the Line Extension in accordance with the Company's design, specifications, and material standards and along the Company's selected route. Otherwise, the Company will not accept or energize the Line Extension.

5. Transfer of Ownership

Upon approval of the construction, the Company will assume ownership of the Line Extension. The Applicant must provide the Company unencumbered title to the Line Extension.

6. Rights-of-Way

The Applicant must provide to the Company all required rights-of-way, easements and permits in accordance with paragraph 1. I. of this Rule.

7. Contract Minimum Billing

The Company may require the Applicant to pay a Contract Minimum Billing as defined in paragraph 1. B. of this Rule.

8. Deficiencies in Construction

If, within 24 months of the time the Company energized the Line Extension, it determines that the Applicant provided deficient material or workmanship, the Applicant must pay the cost to correct the deficiency.

9. Line Extension Value

The Company will calculate the value of a Line Extension using its standard estimating methods. The Company will use the Line Extension Value to calculate Contract Minimum Billings, reimbursements, and refunds.

10. Line Extension Allowance

After assuming ownership, the Company will calculate the appropriate Extension Allowance. The Company will then reimburse the Applicant for the construction costs covered by the Extension Allowance, less the cost of any Company provided equipment or services, but in no case more than the Line Extension Value.

B. Duplicate Service Facilities

The Company will furnish Duplicate Service Facilities if the Consumer advances the estimated costs for facilities in excess of those which the Company would otherwise provide. The Consumer also must pay Facilities Charges for the Duplicate Facilities for as long as service is taken, but in no case less than five years.

C. Emergency Service

The Company will grant Applicants requesting Emergency Service an Extension Allowance equal to the estimated increase in annual revenue the Applicant will pay the Company. The Applicant must advance the costs exceeding the Extension Allowance prior to the start of construction. The Applicant must also pay a Contract Minimum Billing for as long as service is taken, but in no case less than five years.

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V. Extension Exceptions (continued)**D. Intermittent Service Facilities**

The Company will serve Intermittent loads provided the Consumer advances the estimated cost of facilities above the cost of facilities which the Company would otherwise install. The Consumer also must pay a Contract Minimum Billing for as long as service is taken, but in no case less than five years. If load fluctuations become a detriment to other Consumers, the Company may modify the facilities and adjust the Contract Minimum Billing.

E. Temporary Service

For Temporary Service requests requiring only a service loop connection and where there are 120/240 volt facilities of adequate capacity available, the Applicant shall pay the Temporary Service charge specified in Schedule 300.

For all other Temporary Service requests the Applicant shall pay:

- a) the estimated installation cost, plus
- b) the estimated removal cost, plus
- c) the estimated cost for rearranging any existing facilities, less
- d) the estimated salvage value of the facilities required to provide Temporary Service.

The Applicant is also responsible for electric service supplied under the appropriate rate schedule; any advances required for sharing previous Extensions; and, depending on the customer class, Contract Minimum Billings.

If a temporary Consumer takes service continuously for 60 consecutive months from the date the Company first delivered service, the Company will classify them as permanent and refund any payment the Consumer made over that required of a permanent Consumer. The Company will not refund the Facilities Charges.

In response to the 2020 wildfires, the Company may waive the costs of Temporary Service to facilitate service restoration at an affected property and to make Temporary Service available for displaced residential customers at a temporary location. Provided, however, the Applicant requests service no later than June 30, 2021. The Applicant remains responsible for electric service supplied under the appropriate rate schedule and any advances required for sharing previous Extensions.

VI. Relocation or Replacement of Facilities**A. Relocation of Facilities**

If requested by an Applicant or Consumer, and adequate clearances can be maintained and adequate easements/rights-of-way can be obtained, the Company will: relocate distribution facilities; and/or, replace existing overhead distribution facilities with comparable underground (overhead to underground conversion, or conversion). If existing easements are insufficient for the new facilities, the Applicant is responsible for obtaining new easements. Substation facilities and transmission voltage facilities will be relocated at the discretion of the Company.

For conversions, the new underground system must not impair the use of the remaining overhead system. The Applicant or Consumer must elect either: to provide all trenching and back filling, imported backfill material, conduits, and equipment foundations that the Company requires for the Extension; or, to pay the Company to provide these items.

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VI. Relocation or Replacement of Facilities (continued)

In addition, for both relocations and conversions, the Applicant must advance the following:

1. The estimated installed cost of the new facilities plus the estimated removal expense of the existing facilities, less
2. The estimated salvage value of the removed facilities.

This Advance is not refundable. The Company is not responsible for allocating costs and responsibilities among multiple Applicants.

B. Local Governments – Relocations

When Company facilities located in the franchise easement require relocating due to a public project, the relocation is done without charge to the local government Applicant.

C. Local Governments – Conversions

The conversion costs to a local government Applicant, as part of a public project which would necessitate the relocation of Company's facilities, consist of: the costs of all necessary excavating, road crossings, trenching, backfilling, raceways, ducts, vaults, transformer pads, and other devices peculiar to underground service. If the conversion is not part of a public project necessitating relocation of Company's facilities the overhead retirement costs are included in the conversion costs charged to the local government. The overhead retirement costs are: the original cost, less depreciation, less salvage value, plus removal costs of the existing overhead distribution facilities no longer used or useful by reason of the conversion.

In addition the local government shall by ordinance or other means provide that all Consumers, served from the overhead facilities to be removed, perform wiring changes on their Premises so the service may be furnished from the underground distribution system in accordance with the Company's rules, and have authorized the Company to discontinue its overhead service upon completion of the underground conversion.

The Company will not charge the local government if the total conversion costs incurred by the Company during one calendar year for conversions does not exceed five-one hundredths of one percent (0.05%) of the Company's annual revenues derived from Consumers residing within the boundaries of the local government. Otherwise the local government shall, in advance, either pay the conversion costs or direct the Company to expense the conversion costs. When expensed said conversion shall be conditioned by the following:

1. Company shall collect the conversion costs from the Consumers located within the boundaries of the local government; however, the local government may direct Company to collect conversion costs from only a portion of the Consumers located within the boundaries of the local government.
2. Conversion costs incurred by the Company shall be accumulated in a separate account in Company's books with interest accruing from the date Company incurs the cost. The rate of such interest shall be equal to the effective cost of the senior security issue which most recently preceded the incurrence of the cost.

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VI. Relocation or Replacement of Facilities (continued)**C. Local Governments – Conversions (continued)**

3. Company shall collect the conversion costs and interest over a reasonable period of time subject to approval of The Public Utility Commission of Oregon. Said pay-back shall not exceed the depreciable life of the facilities. Collection shall begin as soon as practicable after the end of the year in which the conversion costs are incurred.
4. Conversion costs to be recovered from each Consumer shall be calculated by applying a uniform percentage to each Consumer's total monthly bill for service rendered within the boundaries of the local government. Said conversion costs will be shown as a separate item on individual Consumer bills.

VII. Contract Administration Credit

Applicants may waive their right to receive refunds on a Line Extension advance. Applicants who waive this right will receive a Contract Administration Credit up to the amount specified in Schedule 300. The Applicant's choice to receive the Contract Administration Credit must be made at the time the Extension advance is paid.