



Electrical District Number Two, Pinal County

Line Extension Policy

Effective October 8, 2008

Preamble:

Electrical District Number Two, Pinal County (“the District”) is a constitutionally provided for and legislatively authorized political subdivision of the State of Arizona. Every customer agrees to be bound by the General Conditions of Service, Bylaws, Rules, and Policies adopted by the District.

This statement sets forth the District’s general policy on Line Extensions, which will apply in most instances. The District reserves its right to negotiate other arrangements, by contract with customers or others, as deemed necessary or proper by the District as the result of special or exigent circumstances.

1. “Line Extension” and “Extension Customer” Definition

A Line Extension is defined as an increase in the size and/or length of the District’s existing electrical facilities required to serve a new load for one or more customers within the District’s service area and includes, but is not limited to, lines, poles, conduit, cable, switch cabinets, vaults, pull boxes, transformers and meters. Line Extensions, which may require improvements to the District’s backbone system, are necessary to provide electrical service to new and existing homes, farms, businesses, industries, and other service requests within the District’s service area. The term “Backbone Facilities” generally refers to improvements the District must make to those parts of its existing system or the addition of new facilities, not directly associated with a Line Extension, that are needed to provide capacity for the Line Extension or to maintain system reliability. New customers and additional customers requiring additional service and necessitating a Line Extension are defined herein, individually or collectively, as the Extension Customer. For each Line Extension, the District shall, in its sole discretion, identify and define the relevant “Extension Customer.” All Line Extensions are subject to engineering and financial feasibility analysis by the District and are evaluated consistent with efficient business practices to provide reliable service to the Extension Customer. The capital costs of Line Extensions are borne by the Extension Customer and may include charges by third parties who may be contracted by the District to perform certain design and/or construction services relevant to the Line Extension. This Line Extension Policy is subject to revisions as may be approved and adopted by the District’s Board of Directors from time to time. Upon completion of construction of any Line Extension, the District shall be the sole owner of any and all Line Extension facilities up to and including the metering equipment, unless other written arrangements are agreed to by the District and the Extension Customer.

2. Conditions for Construction

A. When an extension of District electrical facilities is to be installed on State, County, or City right-of-way, or on Federal lands pursuant to permits from a government agency suitable in the opinion of the District, the District or its assigned subcontractor shall physically construct all such facilities.

B. When an extension of District electrical facilities is to be constructed on private property or right-of-way not under the jurisdiction of a government agency, the Extension Customer or its designee shall acquire and grant to the District a right-of-way easement necessary and suitable in the sole discretion of the District, and shall, at the District's request, provide any clearing, trenching, backfilling, etc. for the installation of District facilities subject to the District's specifications and inspections by District personnel.

C. The Line Extension shall generally commence at the terminating point or a tap point on the District's present electric facilities. Line Extensions may also include improvements to existing Backbone Facilities to meet the Extension Customer's new load requirement. The District reserves the right to determine the voltage and phase of service to be constructed as well as the service route and service entrance location.

D. The costs to install facilities in addition to those supplied by the District as set forth below shall be estimated by the District and submitted to the Extension Customer. As a condition of service, the Extension Customer shall pay the District the estimated costs prior to commencement of any electric facility construction, unless otherwise provided herein. At the completion of the Line Extension, the Extension Customer will be credited or billed for the difference between the actual Line Extension costs and the estimated Line Extension costs.

E. All other matters affecting or concerning the provision of electrical service shall be in compliance with the District's Electric Service Regulations or by action of the District's Board of Directors.

3. Type of Construction

Overhead or underground construction may be installed, and the District in its sole discretion shall determine the type that is most suitable, unless otherwise mandated by City or County ordinance or other applicable rule or regulation.

4. Type of Extension Customer

The District shall, in its sole discretion, classify each Extension Customer in accordance with the following definitions. Sections 4 through 7 of this policy apply to Extension Customers, such that, for example, the term "Commercial Customer" as used below refers to "Commercial Extension Customer."

A. **Commercial Customer.** Commercial Customers are individuals, firms, or corporations as defined in the District's Rate Schedule 4 operating retail businesses such as stores, shops, trailer parks, schools, institutions, or small pumping loads of a commercial nature such as sump pumps, etc. A residence may be classified as a Commercial Customer if the District determines that a substantial portion of the usage at that location is to support a commercial operation. Commercial Customers have demands up to 750 kW.

B. Industrial Customer. Industrial Customers are individuals, firms, or corporations, etc. as defined in the District's Rate Schedule 3 having a demand in excess of 750 kW that are engaged in the fabrication or manufacture of products or commodities.

C. Irrigation Customer. Irrigation Customers are individuals, firms, or corporations as defined in the District's Rate Schedule 7 principally engaged in agriculture requiring irrigation pumping.

D. Minor Land Division. Minor Land Divisions are defined as parcels of land being subdivided into smaller residential lots, typically five lots or less, for the purpose of selling one or more such lots.

E. Miscellaneous Customers. Miscellaneous Customers shall include all other customers not otherwise covered in this Section 4, including those for which service is for recreational campers, travel trailers, shops, small domestic pumps, etc. with limited power usage.

F. Mobile Home Courts. Land divided into mobile home spaces with permanently installed meter bases for the purpose of renting or leasing the space for two or more mobile homes on a single subdivision shall be considered a Mobile Home Court. Mobile Home Courts are similar to Subdivisions in that a permanent meter installation will be located at each pad or lot and the tenant and owner of each lot will be jointly responsible for initiating and paying for the individual electric service with the District for such lot.

G. Residential Customer. Residential Customers are defined as individuals in single private dwellings, residences, or apartments that meet each of the following conditions prior to commencement of Line Extension construction:

1. The applicant's home is located upon property owned by, or being purchased under contract by, the applicant.

2. The applicant has procured a building permit for the residence from the appropriate City or County agency.

3. The applicant has an approved community sewer system connection or has an approved permit for installing a septic tank and drain field.

4. The applicant has a source of water supply, either from a community water system, well, or other approved source.

H. Residential Multi-Family Developments. Residential Multi-Family Developments shall include apartment complexes and condominium developments consisting of more than four residential units

I. Subdivisions. A Subdivision is defined as six or more residential lots. In order to qualify as a Subdivision, the area must be recorded as such with the applicable city, or with Pinal County in unincorporated areas. Individual phases of a Subdivision may be treated separately for purposes of Section 6 of this policy, as long as each phase consists of more than 40 lots or parcels. Subdivisions shall not include Minor Land Divisions or Mobile Home Courts. Subdivisions can be for permanent or manufactured homes and for business or industrial developments.

K. Temporary Customer. A customer shall be considered “Temporary” under the following conditions:

1. For a Residential Customer, if the conditions of Section 4(G) are not met prior to the time a Line Extension construction is commenced, or
2. For any class of customer:
 - a. If the service is for construction purposes only, or
 - b. If the estimated annual revenue from the Line Extension over its estimated life, as determined by the District in its sole discretion, does not make the installation of permanent electrical facilities economically feasible for the District.

5. Line Extension Application Process

Before a Line Extension is provided by the District, the following processes must be completed:

- A. The Extension Customer must execute a Work Order Estimate Authorization with the District and pay a deposit which will vary depending on the type of Line Extension being performed, as defined in Section 4.
- B. Upon receiving the design deposit, the District will provide a design for the Line Extension and a construction cost estimate which will include the cost of extending service together with the costs of any Backbone Facilities that may, in the District’s discretion, be required. The time to complete the design and construction estimate will depend on the complexity of the Line Extension, the availability of survey and other necessary data, and the work load of the District. Requested changes to the design provided by the District may require an additional deposit payment by the Extension Customer.
- C. The Extension Customer must execute a Construction Authorization Agreement with the District and provide any right-of-way easements, including land surveys, the District deems necessary in order to extend its facilities.
- D. Full payment in the amount of the construction cost estimate and any required easements must be received by the District before any construction work will be scheduled or special equipment needed for the Line Extension is ordered.

6. Payment of Cost of Installing Facilities

The Extension Customer shall pay all the costs of a Line Extension based upon the category of customer into which the Extension Customer is classified, as stated below.

- A. Residential Customers. Line Extensions will be made to new Residential Customers who meet the requirements of Section 4(G) and execute the necessary authorizations outlined in Section 5 with the District. A design deposit of \$500 will be due at the time the Work Order Estimate Authorization is signed. The deposit will be used to prepare a facility design and construction estimate that will be provided to the Extension Customer. If an executed Construction Authorization Agreement and full payment of the estimate is received

within three months of the date of the construction estimate, the design deposit will be credited to the cost of the Line Extension. If no executed Construction Authorization Agreement is received within the three month time period, the deposit will be deemed forfeited by the customer and a new design deposit may be required

B. Minor Land Divisions. Minor Land Division Customers shall pay the cost of extending all primary electric overhead or underground lines to the property line of each of the subdivided lots. The Minor Land Division Customer shall provide and install the trench, conduit, and backfill for all underground electric per the District's requirements. A design deposit of \$1000 for the first two lots and \$200 for each additional lot will be due at the time the Work Order Estimate Authorization is signed. If an executed Construction Authorization Agreement and full payment of the construction estimate is received within three months of the date of the construction estimate, the design deposit will be credited to the cost of the Line Extension. If no construction authorization is received within the three month time period, the deposit will be deemed forfeited by the customer and a new design deposit may be required

C. Commercial Customer. Commercial Customers requiring a Line Extension by the District and having single-phase service panels up to 400 amps shall subject to the same requirements set forth for Residential Customers in Section 6(A) above, except that the design deposit will be \$550. For single-phase service panels larger than 400 amps and all three-phase installations, the Commercial Customer shall provide and install all trenching, conduit, secondary cables, and terminal lugs as approved by the District. The District will install and mount the secondary terminal lugs at the transformer locations. The design deposit required from such customers shall be \$2.50 per ampere based on the rating of the service panel. For example, a service panel having a 1,000 ampere rating would require a design deposit of \$2,500. Commercial Customers will have six months from the time the construction estimate is dated to execute a Construction Authorization Agreement, or the deposit will be deemed forfeited by the customer and a new design deposit may be required.

D. Industrial Customer. Industrial Customers shall pay all of the costs of the Line Extension required to provide service, including possible removal costs, if in the sole opinion of the District, the nature of the industrial facility is temporary or there does not appear to be a future use for the Line Extension. The design deposit for Industrial Customers shall be the same as for Commercial Customers as set forth in Section 6© above. The Industrial Customer shall provide and install all trenching, conduit, secondary cables, and terminal lugs as approved by the District. The District will install and mount the secondary terminal lugs at the transformer locations. The District may also require an executed power sales contract between the Industrial Customer and the District prior to commencement of construction and connection of service. Industrial Customers will have six months from the time the construction estimate is dated to execute a Construction Authorization Agreement, or the deposit will be deemed forfeited by the customer and a new design deposit may be required.

E. Irrigation Customer. Irrigation Customers shall pay all of the costs of the Line Extension required to provide primary voltage service to the Irrigation Customer's pump station pole or platform. The Irrigation Customer shall provide the transformers, pump station pole or platform, and secondary service conductor from its transformers to the pump station panel. It will be the Irrigation Customer's responsibility to provide and install equipment to protect pump motors and starters from over- and under-voltage excursions and dropped phases. At the Irrigation Customer's option and subject to District approval, the District may provide and install the transformers, pump station pole, secondary service conductor, and other material and labor required to construct a pump station. These costs will be added to the Line Extension costs and

shall be paid by the Irrigation Customer. A design deposit of \$500 will be required for the extension of primary service to the pole or platform where the Irrigation Customers transformers are mounted. Irrigation Customers will have three months from the time the construction estimate is dated to execute a Construction Authorization Agreement, or the deposit will be deemed forfeited by the customer and a new design deposit may be required.

F. Temporary Customer. The cost of all facilities required in addition to any facilities supplied by the District, including installation and removal of facilities, shall be paid by the Temporary Customer in full prior to commencement of construction. The design deposit for Temporary Customers shall be \$500. Such customers will have three months from the time the construction estimate is dated to execute a Construction Authorization Agreement, or the deposit will be deemed forfeited by the customer and a new design deposit may be required.

G. Mobile Home Courts. The developer or owner of a Mobile Home Court shall be responsible for all costs associated with extending service to each lot in the development and to any other facilities located on the site. The Mobile Home Court developer and owner shall be jointly responsible for providing all trenching, conduit, conduit installation and backfilling required by the District. The cost of the Line Extension may also include secondary cables, meter pedestals and other necessary equipment depending on the design of the Mobile Home Court. The design deposit for Mobile Home Courts shall be the greater of \$1,000 or the number of lots, including any common facilities and administration offices, times \$50. The developer and owner of the Mobile Home Court will have six months from the time the construction estimate is dated to execute a Construction Authorization Agreement, or the deposit will be deemed forfeited by the customer and a new design deposit may be required.

H. Miscellaneous Customer. The cost of any facilities required to extend service to Miscellaneous Customers, including any removal costs, if applicable, shall be paid by the customer. The design deposit for Miscellaneous Customers will be determined by the District based on the type of Line Extension required. Miscellaneous Customers will have three months from the time the construction estimate is dated to execute a Construction Authorization Agreement, or the deposit will be deemed forfeited by the customer and a new design deposit may be required.

I. Residential Multi-Family Developments. The cost of any facilities to extend service to Residential Multi-Family Developments shall be paid by the developer or owner. The design deposit for Residential Multi-Family Developments shall be the greater of \$2500 or the number of residences, including any common facilities and administration offices, times \$50. The developer and owner of the Residential Multi-Family Development will have six months from the time the construction estimate is dated to execute a Construction Authorization Agreement, or the deposit will be deemed forfeited by the customer and a new design deposit may be required.

J. Subdivisions. The cost of any facilities to extend service to Subdivisions shall be paid by the developer or owner. Line Extension costs for this class of service also shall include, to the extent engineering analysis in the sole opinion of the District determines they are required, a proportionate share of any new or existing substation, transmission line and transmission tap line, distribution feeder circuit, primary circuit extension and metering facilities. The developer or owner may, at the District's discretion, be required to provide a site for a new substation and easements for new transmission lines. Subdivision developers will be required to execute a Work Order Estimate Authorization that will consist of the sum of \$25 per lot for all lots in the preliminary subdivision plat, plus \$50 per lot for each lot identified in the initial construction phase. Parcels or lots identified for commercial use will be treated separately as Commercial

Customer Line Extensions. A Construction Authorization Agreement (aka Phase Agreement) will be executed for each separate phase of the Subdivision. For example, if a developer plans to build a 300 lot subdivision, but will only build 60 lots as a first phase, the Work Order Estimate Authorization will provide for a design deposit of \$25 times 300 lots plus \$50 times 60 lots for a total of \$10,500. The design deposit will be credited toward the Line Extension costs if a Construction Authorization Agreement is executed and full payment of the construction cost estimate is received within six months of the date of the construction estimate. If full payment is not received before six months have passed, the design deposit will be deemed forfeited by the developer and owner and a new design deposit may be required. Final plats recorded with the applicable city or county government must show all District easements as may be required by the District.