

**POLICY NO. 306**  
**COST RESPONSIBILITY FOR ELECTRIC SYSTEM EXTENSIONS**

**I. OBJECTIVE**

Lincoln County Power District No. 1 (Lincoln County Power) must in the course of business construct extensions to its electric system in order to serve customers requesting electric service. As a not-for-profit, community based, electric utility, any funds expended by Lincoln County Power come from its customers, either through rates charged for electric service or fees charged for specific services such as extending Lincoln County Power's electric system. To the extent possible, it is the objective of Lincoln County Power to have those customers who request the extension of Lincoln County Power's electric system to fund the cost of the electric system extension and to not use funds obtained from the sale of electric energy for such line extension purposes in most cases.

**II. POLICY**

It is the general policy of Lincoln County Power that a customer who requests electric service from Lincoln County Power shall pay for all costs associated with extending Lincoln County Power's electric system to serve that customer, except in cases where Lincoln County Power provides Short Term Financing as indicated in this Policy or a customer specific exception to this Policy is approved by the Board of Trustees in a public meeting of the Board of Trustees.

**III. EXPECTATIONS**

**A. Determining the Cost of Electric System Extensions**

When electric service is requested by a customer, Lincoln County Power shall prepare an estimate of the cost to extend Lincoln County Power's electric system in order to provide service to the customer. The cost of the line extension shall include all costs incurred by Lincoln County Power to provide electric service; including cost to obtain rights-of-way and easements, to design the necessary facilities, to obtain permits, to procure materials for the necessary facilities, to construct the necessary facilities, and to perform restoration activities after construction is complete. The customer shall be provided with written statement setting forth the estimated cost.

**B. Transformer and Conductor Sizing**

Lincoln County Power reserves the right to size its transformers and supply conductor for the customer load to be served. Transformer and conductor sizing will

be selected from those sizes standardly stocked in Lincoln County Power's inventory. If a customer requests a transformer size that is not standard to Lincoln County Power's inventory, Lincoln County Power shall only honor the customer's request if the customer agrees to fund the purchase of a spare transformer which will be placed into Lincoln County Power's inventory. Lincoln County Power does not stock transformers of less than 25 kVA and will not install transformers smaller than 25 kVA on any service location.

### **C. Delivery Voltage and Configuration**

Lincoln County Power will only provide secondary delivery voltages to customers in one of the following:

1. 120Y/240 Volt, Single-Phase
2. 120/208Y Volt, Three-Phase
3. 240 Volt Delta, Three-Phase
4. 120/240 Volt Delta, Three-Phase
5. 277/480Y Volt, Three-Phase

For new three-phase services, Lincoln County Power will not install open delta connections with two single phase pole mount transformers.

For industrial customers requesting a primary delivery voltage, Lincoln County Power will work with the industrial customer to select the appropriate delivery voltage. If the industrial customer's delivery voltage requirements cannot be met with transformer(s) that are standard to Lincoln County Power's inventory, Lincoln County Power shall only honor the customer's request if the customer agrees to fund the purchase of a spare transformer which will be placed into Lincoln County Power's inventory.

### **D. Cost Responsibility**

The customer requesting the extension of Lincoln County Power's electric system, or their authorized agent, shall be responsible to pay the estimated cost for the electric system line extension.

For projects where the estimated cost of the electric system extension is \$50,000 or less, or where the estimated time to complete the electric system extension will be 12 months or less, funding shall be provided by the customer or the customer's agent before Lincoln County Power shall initiate activities related to right-of-way acquisition, permitting, final design, material procurement or construction.



For projects where the estimated cost of the electric system extension will exceed \$50,000 or where the estimated time to complete the electric system extension will exceed 12 months, the customer may fund the cost of the electric system extension in two payments. The first payment shall be in an amount equal to the estimated cost of right-of-way acquisition, permitting, final design, and material procurement. This payment shall be made prior to the start of these activities by Lincoln County Power. The second payment shall be in an amount equal to the cost of construction for the electric system line extension. This payment shall be made prior to the start of on-site construction activities by Lincoln County Power.

#### **E. Ownership of Facilities**

All facilities constructed or caused to be constructed by Lincoln County Power pursuant to this Policy in order to provide electric service to the customer shall be and shall remain the sole property of Lincoln County Power.

#### **F. Use of Facilities to Serve Others**

All facilities constructed or caused to be constructed by Lincoln County Power pursuant to this Policy in order to provide electric service to a customer (referred in this provision of this Policy as the “original customer”) may be used by Lincoln County Power to provide electric service to others. If one or more additional customers of Lincoln County Power request electric service, and such electric service is provided from facilities that have been extended by Lincoln County Power to serve the original customer, Lincoln County Power shall not be obligated to refund any portion of the original cost of the line extension to the original customer. The only exceptions to this provision of this Policy shall be in response to those situations specifically covered by NRS 318.268, or if the Board of Trustees has agreed in writing in an agreement with the original customer, duly approved at a public meeting of the Board of Trustees, that obligates Lincoln County Power to another course of action.

#### **G. Short-Term Financing**

Lincoln County Power may provide financing for a portion of the estimated cost to extend Lincoln County Power’s electric system in order to provide service to the customer; provided all of the following conditions are met:

1. The extension of the electric system is for a three-phase service operating at 480 volts line-to-line or higher.
2. The estimated cost to extend Lincoln County Power’s electric system in order to provide service to the customer is greater than \$4,000 but less than \$80,000.

3. The customer requesting the electric service must establish credit with Lincoln County Power as stated in this Policy.
4. The customer requesting the electric service must provide a deposit as required in this Policy. Note this deposit is separate from an in addition to any deposit that may be required under Policy 303.
5. The customer must not have any unretired debt with Lincoln County Power for other extensions of Lincoln County Power's electric system.
6. The customer requesting the electric service must execute with Lincoln County Power an agreement for electric service and line extension.
7. The customer requesting the electric service must provide payment to Lincoln County Power in an amount equaling 30% or more of the estimated cost to extend Lincoln County Power's electric system.
8. The electric service provided by Lincoln County Power must not be used for any purpose that violates any local, state or federal law or regulation. The customer may be required to execute an affidavit clearly stating the intended purpose of the electric service. Any use of electric service for other than the stated purpose may result in suspension or termination of electric service to the customer.

The term of Short-Term Financing may be selected by the customer but shall not exceed 120 months.

To establish credit for the purposes of Short-Term Financing, a customer must (1) not be delinquent in any financial obligation to Lincoln County Power, and (2) must either:

1. Have a "good" or "low risk" credit rating from the credit reporting agency utilized by Lincoln County Power to assess creditworthiness of customers, or
2. Provide a letter of credit from a bank or financial institution licensed to do business in Nevada equaling the amount of financing to be provided by Lincoln County Power.

If Short-Term Financing is provided, a Monthly Facility Charge shall be assessed to the customer to retire the debt. The Monthly Facility Charge shall be in addition to the customer's bill for electric service from Lincoln County Power and shall be invoiced to the customer at the end of the first billing period following the first delivery of electric service to the customer. The Monthly Facility Charge shall be the amortized principal and interest payment that must be paid by the customer in order to retire the debt owed Lincoln County Power in equal payments. A customer may elect to prepay the principal due to Lincoln County Power thereby reducing their Monthly Facility Charge. The customer shall be obligated to pay the Monthly Facility Charge each month, including those months that the customer does not



consume any electric energy, until funds provided by Lincoln County Power have been repaid.

The interest rate for Short-Term Financing on the unpaid principal shall be determined as follows:

1. If the term of financing is nine months or less, 0 percent per annum.
2. If the term of financing is greater than nine months, but less than 25 months, 3 percent per annum.
3. If the term of financing is 25 months or greater, the rate shall be the National Rural Utilities Cooperative Finance Corporation ("CFC") line of credit rate available to Lincoln County Power or the equivalent line of credit rate available to Lincoln County Power from other sources.

To receive Short Term Financing, the customer must provide a Facility Charge Deposit as follows:

1. If the term of financing is less than 25 months, the deposit shall be an amount equal to one month's Monthly Facility Charge.
2. If the term of financing is 25 months or greater, the deposit shall be an amount equal to three month's Monthly Facility Charge.

The Facility Charge Deposit required under this Policy shall be in addition to any electric service deposits required by Lincoln County Power for electric service. The Facility Charge Deposit shall be held in an interest-bearing account at a rate established by the State of Nevada for deposits by customers for utility service. Lincoln County Power shall only refund the Facility Charge Deposit and accumulated interest if the customer has repaid the financing provided by Lincoln County Power or has paid the Monthly Facility Charge when due for thirty-six (36) consecutive months. Failing to make required Monthly Facility Charge payments when due shall result in forfeiture by the customer of the Facility Charge Deposit and any accumulated interest with such forfeited amount being applied against the debt owed Lincoln County Power, but such forfeiture shall not relieve the customer from any additional amounts owed to Lincoln County Power in excess of the Facility Charge Deposit and accumulated interest.

Should a customer fail to make payments for electric service or the required Monthly Facility Charge, or violate the terms of use for the electric service, Lincoln County Power shall be entitled to all remedies as set forth in the agreement for electric service and line extension between Lincoln County Power and the customer which may include:

1. Deducting the amount due and payable from any deposit posted by the customer and held with Lincoln County Power.

2. Terminating electric service to the customer.
3. Removal of facilities constructed to serve the customer.
4. All other remedies available to Lincoln County Power at law or equity.

Debt owned by a customer to Lincoln County Power under this Policy shall be deemed a binding covenant running with the land and facilities served by the extension of Lincoln County Power's electric system. Should the owner of the land and facilities served by the extension of Lincoln County Power's electric system rent, lease, or sell the property to others, such rental, lease, or sale shall not relieve the owner of its obligation to retire the debt owed to Lincoln County Power. Pursuant to NRS Chapter 108, Lincoln County Power shall record a lien against the property at the time construction of the electric system extension is completed. Lincoln County Power shall record a notice of lien in the office of the county recorder of the county where the property or some part thereof is located in the form provided by statute.

#### **IV. LIMITATIONS**

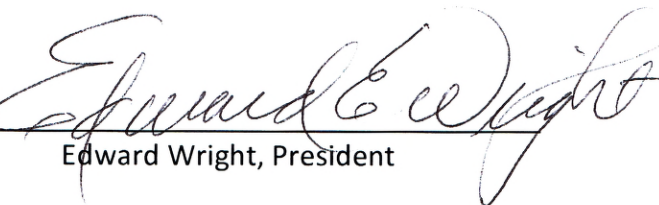
##### **A. Policy Deviations**

In situations where the application of this Policy would (1) adversely affect Lincoln County Power's rates for electric service to its existing customers, (2) impair Lincoln County Power's ability to provide electric service to its existing customers, or (3) be detrimental in any manner to Lincoln County Power or its existing customers; Lincoln County Power reserves the right to deal with such situations independently and without reference to the provisions of this Policy.

#### **V. RESPONSIBILITY**

- A. The general manager shall have primary responsibility to implement this Policy. The general manager shall report to the Board of Trustees on how this Policy is being carried out.
- B. The President of the Board of Trustees shall ensure that this Policy is followed.

Issued by:



Edward Wright, President