

LINE EXTENSION POLICY

1. Purpose

To govern the method by which Town of Hardwick Electric Department ("Utility") will recover the costs of Electric Service Extensions and the conditions under which such service extensions will be constructed, tracked and operated.

2. Applicability

This electric service extension policy applies to all single-phase and multi-phase service extensions to customers of Utility.

3. Definitions

- (a) Service Extension: The electric facilities required to connect from the existing power line to the customer's premise at the time of request for service. The service extension shall include all poles, primary wiring, secondary wiring, transformer(s), meter(s), right-of-way acquisition and clearing, trenching and backfilling, installation, and any other one-time cost items associated with service only to that new customer. A Service Extension shall include the reestablishment of a previously abandoned Service Extension.
- (b) Service Drop: A 100-foot overhead power line from Utility's secondary facilities to the Delivery Point (as further defined) The service drop is defined as a minimum overhead secondary electrical connection (100-amp single- phase) and shall not include poles, primary wiring, right-of-way acquisition and clearing, trenching and backfilling, installation, and any other cost item required to serve a new or relocated customer.
- (c) Contributions In Aid Of Construction: The monetary contributions to the Utility by a customer requesting service to design, furnish, place and construct such primary and secondary service extensions as are necessary to render the service requested.
- (d) Conduit: The pipe that encloses and protects electric conductors in underground power installations, including necessary fittings and connectors.
- (e) Customer Owned Lines: Electric service lines, at either primary or secondary voltage, extending beyond the defined Delivery Point(s).
- (f) Delivery point: The point at which Utility-owned facilities first connect to the customer-owned facilities.
- (g) Loop Feed Electric System: Electric service provided from an underground primary distribution line which is capable of receiving its electric supply from two different directions of the distribution line.

4. Contributions-in-Aid-of-Construction for Service Extensions

- (a) Utility's costs for all line and service extensions will be based on the actual costs incurred for material, labor, overhead, clearing, acquisitions of rights of way, blasting; permits, leases, legal fees, required federal, state and/or municipal studies and any other costs actually

incurred in the construction of the electric service extension. Each new single-family residence or individual dwelling unit will receive a credit equal to the cost of the service drop as defined above towards the overall cost. If the cost of a line extension is less than the cost of the service drop credit(s) as defined above, the amount of the service drop credit shall be the same as the cost of the extension.

- (b) Should a transformer be required to replace an existing transformer, the customer will be responsible for the difference between the cost of the required transformer and the depreciated value of the existing transformer.

5. Payment

Upon receipt of a written request from a customer for a line extension, accompanied with a \$250 application fee, Utility will complete a preliminary engineering design and provide the customer with a written cost estimate for the proposed line extension. The application fee shall be credited against the cost of the line extension if it is constructed. Utility will retain the fee if the customer elects not to have the line constructed. Utility may require an additional engineering fee for requested redesigns of the line extension. Customer shall sign an agreement to pay Utility the final actual line extension charges according to the tariff then in effect upon completion of the job. The amount of the estimated payment shall be paid prior to any construction of the line or service extension. The customer will be responsible for payment of any job costs that are higher than the estimate paid, and the Utility will be responsible for refunds of job costs if lower than the estimate paid.

6. Cost Recovery Period for Contribution-in-Aid-of-Construction

Whenever more than one customer is connected to said line extension, such contribution in aid of construction, however paid, shall be computed to yield to the Utility not more than the total cost of extending or expanding service to the new customer(s) less the service drop credit provided in Section III. Amounts to be collected from new customers connecting to customer-financed lines shall be computed as follows:

- (a) For a period of five (5) years from the completion of construction of a line extension, reimbursement from new customers connecting to said line to customers entitled to reimbursements shall be based upon an equal sharing of the full cost of construction of the subject line extension, adjusted to the percentage used of that line extension to the point of connection.
- (b) For a period of ten (10) years immediately following the initial five (5) year period discussed in (a) above, reimbursement to customers entitled to reimbursements shall be based upon an equal sharing of the full cost of construction of the subject line extension depreciated at a straight line rate to zero at the end of the ten (10) year period, also adjusted to the percentage of the line extension used to the point of connection.

- (c) For each new transaction (defined as one or more new connections at the same time and location) involving a line that is subject to contribution in aid of construction payments for new connections within the 15-year reimbursement period, an administrative fee based on actual costs not to exceed \$100.00 shall be retained by the Utility from the total amount to be reimbursed to customers entitled to reimbursements. If the total amount of all reimbursements owed for each transaction is less than the Utility's administrative fee, no reimbursements shall be made.
- (d) All line extension reimbursement, less the administrative fee, shall be paid by the Utility to the current owners of the dwellings or structures served by line extensions that are subject to reimbursement payments for new connections, except that reimbursement payments shall be made to any customer who paid for or contributed to the costs of line extensions and who subsequently sold the dwellings or structures originally served prior to the effective date of the Vermont Public Service Board's Order of September 21, 1999, in Docket No. 5496.

7. Interest on Customer Funds Held by Utility

- (a) No interest shall be paid on the initial engineering fee.
- (b) No interest shall be paid on funds received in advance of line extension construction and used for the purpose of ordering long lead time specialty items necessary for the subject line extension.
- (c) With the exception of items (a) and (b) above, interest shall be paid at the rate of 1% per month to line extension customers on funds received in advance of construction (unless returned to the customer), from sixty (60) days after the payment is received by the Utility to the date of the commencement of the line extension construction.
- (d) No interest shall be paid by the Utility under item (c) above as a result of construction delays caused by the customer or its contractors.
- (e) Interest to be paid on funds received more than sixty (60) days in advance of the commencement of line extension construction may be waived by customers seeking priority status for construction at a specified time as agreed to by both the customer and Utility.

8. Delivery Points

Utility's delivery points for this tariff are defined as follows:

- (a) Residential and Commercial customers served by overhead secondary lines - point of attachment of the line to a structure at the weatherhead.
- (b) Residential and Commercial customers served by an underground secondary service - the secondary terminals of the transformer.
- (c) Residential and commercial customers served with secondary pole metering - the weatherhead on the secondary pole.
- (d) Customers served by primary metered overhead or underground primary lines - Utility's first point of disconnect after the primary metering.

(e) Utility reserves the right to modify the Delivery Point at its discretion if it is deemed in the best interest of Utility and the customer.

9. Construction Standards

Utility will determine the design and construction requirements for each line extension application and the line extension shall conform to these standards. Utility will provide a copy of its general standards and requirements upon request. All line extensions shall conform to the latest edition of the National Electrical Safety Code at a minimum.

10. Conduit Requirements

All customers requesting underground primary or secondary cable that will be owned by Utility must provide and install conduit to Utility's specifications. Utility shall credit the customer 50% of the cost of the conduit.

11. Underground Primary Loop Feed Systems

A loop feed system as defined in Public Service Board Rule 5.600 shall be installed when such a system is necessary in the judgment of Utility, which shall take into account load, reliability and other relevant factors. Utility will credit the customer 50% of the conduit installation.

Additionally, Utility may require a customer to provide a spare conduit in situations where it determines a loop feed system may be required in the future. Utility will either supply the conduit or reimburse the customer for the cost of the second conduit. Utility may recover 50% of its cost for the conduit installation from future customers that attach to the loop feed system.

12. Use of Private Contractors for Utility Owned Line Extensions

A customer who wants to hire a private contractor for construction of a distribution line extension must contact Utility prior to any construction. Utility will design the line extension to its standards and may perform field inspections during and or after construction at the customer's expense. Utility is not responsible for the performance of contractors hired by a customer, including, but not limited to, the timeliness of work completion and difficulties associated with construction. If at any time a Utility inspection finds the construction is not to the design or standards, the line will not be connected to the system until the deficiency is rectified.

13. Appropriate Customer Payment of Contributions-in-Aid-of-Construction for Service Relocations

For all relocated distribution lines that provide a benefit to the Utility, customers who request the relocation shall reimburse the Utility for distribution line relocations according to the following formula:

$$\text{CP TAXADJ} \qquad \qquad \qquad \text{NEW LINE} + \text{PV DEP} - \text{SV EXISTING}$$

Where:

CPTAXADJ: Customer payment, adjusted for any Utility tax liability

NEW LINE: Total cost of relocating the line today

PV DEP: Present value of any unrealized depreciation expense associated with the existing line

SV EXISTING: Salvage value of existing line (including line removal costs)

14. Change in Presumption as to Reimbursements for Contributions in Aid of Construction

The presumption regarding reimbursements for customer financed lines shall be changed if there is a grantee/grantor relationship between the person connecting to a customer financed line and the person who originally paid for the line to whom a reimbursement would otherwise have been due. In such cases, no reimbursement shall be collected from the connecting customer or paid by Utility to the grantor.

15. Customer Owned Primary Lines

Residential customers will generally not be allowed to own primary overhead and underground lines. Where Utility and the customer agree that such ownership is appropriate, Utility may, at its option, petition the Vermont Public Utility Commission for a waiver of this prohibition. Any such petition shall address the issue of underground damage prevention with respect to the facilities to be owned by the customer. Utility shall design and determine the location of the interconnection of the customer owned line and may inspect the line before and after construction. If the line is determined to be unsafe, Utility will not connect the line to its system until the deficiencies are remedied.

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