

LINE EXTENSION POLICY  
Rules, Regulations or Extension Policy

I. GENERAL

The Association will provide electric service to all qualified applicants. These rules and regulations set forth the general service connection and distribution system line extension requirements of the Association, in all territories served by the Association, in a manner which fairly allocates the cost of system growth and minimizes the effect of growth upon rates.

II. DEFINITIONS

Adverse Conditions Deposit: An amount charged as an estimate for possible adverse or changed conditions at the time of the installation of a Line Extension in addition to the amount charged for the Contribution Toward the Cost of Construction. These conditions may include, but are not limited to: multiple mobilizations, debris, rock, sand, water, severe terrain, utility crossings, frost, tree and tree roots. If at any time it is determined by the Association that the estimate is inadequate to fund the construction of the Line Extension due to adverse or changed conditions, the Association may amend the estimate and require that an additional amount be paid. If the additional amount is not paid, the Association may stop construction and/or withhold meter sets.

In the event the additional cost collected due to possible adverse conditions is greater than the actual costs, the Association will refund the difference after final costs have been determined.

Applicant: Any person, Developer, government entity, or any other legal entity applying to the Association for a Line Extension.

Application for a Line Extension: The agreement between the Association and the Applicant, which is required for a new or existing service. Applications for all Line Extensions will be made on forms specified by the Association and will include all necessary information as requested.

Association: Mountain View Electric Association, Inc.

Construction Standards: Standards required by the Association for construction of electric facilities, or more stringent standards required by the Rural Utilities Service or any applicable governing agency; but in no case will such standards be less stringent than the latest available edition of the National Electrical Safety Code. Due to maintenance and safety concerns, the Association will not allow other cables, pipes or conduits to be placed in the Association's trench.

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Contribution Toward the Cost of Construction: The Applicant's estimated cost for a requested Line Extension as determined after completing the design of the extension and as set out in the Cost Letter. The Contribution will bear no interest and will be used by the Association to construct the Line Extension. If at any time it is determined by the Association that the Contribution is inadequate to fund the construction of the Line Extension, the Association may amend the estimate and require that an additional amount be paid. If the additional amount is not paid, the Association may stop construction and/or withhold meter sets.

Cost Letter: The agreement, between the Association and the Applicant, which sets forth a good faith estimate based on sound engineering practices for the Contribution Toward the Cost of Construction as determined by the Association, will include if applicable, any Shared Cost Refund due another Applicant, and if necessary, an estimate for an Adverse Conditions Deposit. Payment for the total amount is required before commencing construction of a Line Extension.

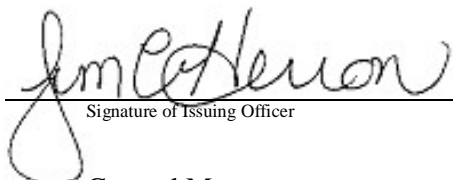
Developer: An individual, group of individuals or entity making application for a Line Extension.

Easements: The intangible right which the owner of real property grants to the Association to construct, maintain, change, renew, relocate, enlarge and operate a Line Extension for transmission and/or distribution of electrical energy, and by which the owner is obligated not to interfere with the right(s) granted. All Easements or rights-of-way required by and acceptable to the Association will be at locations with appropriate dimensions. Required Easements will permit a given facility to be used for the benefit of other consumers.

The Easements or rights-of-way must be on forms provided by or acceptable to the Association and executed and acknowledged by the owner(s) of record of the underlying property. It is the Applicant's responsibility to provide all required Easements.

Existing System: The electrical transmission and/or distribution system of the Association as it exists at the time an application is made.

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Line Extension: This includes one or more of the following or any combination thereof, but is not limited to:

New Service: A Permanent or Temporary electric service at a location not previously connected to the Existing System.

Conversion: A change in the voltage, number and/or configuration of phases, or a change of overhead to underground or underground to overhead equipment, on an existing service or a portion of the Association's Existing System.

Permanent Service: Service to any consumer when the use of service, both as to amount and as to permanency, at the sole discretion of the Association, can be reasonably assured.

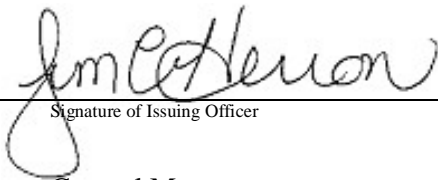
Rebuild: Any reconstruction of the Association's facilities at the request of an Applicant and/or due to the activities of an outside party.

Relocation: Any change in location of an Existing System at the request of an Applicant and/or due to the activities of an outside party.

Removal: Elimination of facilities from the Existing System.

Subdivision Extension: Extension of the Existing System for the purpose of, and designed for, serving multiple consumers within a planned development where the permanent location of transformers and meters can be determined by the Association at the time of original design.

System Backbone Extension: Extension of the Existing System for the purpose of, and designed for, serving multiple consumers within a planned development where the permanent location of transformers and metering equipment cannot be determined by the Association at the time of original design.



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System Substation or Transmission Extension: Construction of a transmission line and/or new substation due to economics and good engineering practices.

Temporary Service: Any service of a temporary nature, without regard to the duration of service, where at the sole discretion of the Association the permanency of service cannot be reasonably assured, including any service within an incorporated municipality, which the Association does not serve under franchise.

Minimum Facility: The lowest capacity facility acceptable to the Association for a Line Extension making use of designs, materials and construction methods approved by and normally available to the Association.

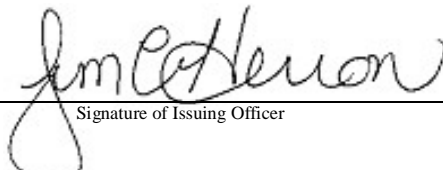
Point of Delivery: That point on the system, determined at the sole discretion of the Association, where the facilities owned, operated and maintained by the Association connect to facilities owned, operated and maintained by the consumer.

Service Upgrade: An increase in capacity for an existing service due to the consumer adding to the load demand. Conversions are not considered a Service Upgrade even if caused by a consumer increasing load demand.

Service Upgrades requested within two years of the completion of a Line Extension or a prior Service Upgrade may be treated as a Rebuild. Service Upgrades requested more than two years after completion of a Line Extension or prior Service Upgrade may, if deemed warranted at the sole discretion of the Association, be paid for by the Association.

Shared Cost: The cost of a portion of an existing extension to be used in common with a new Applicant.

Shared Cost Refund: If eligible, a refund of a portion of Shared Cost.

  
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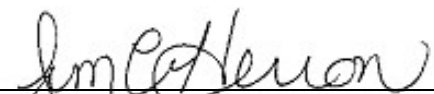
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III. LINE EXTENSIONS

- A. The Application for a Line Extension will include all necessary information requested on the form or by the Association personnel, and will be accompanied by an engineering fee of \$200.00, unless otherwise indicated, or it is determined by the Association that the engineering fee is inadequate, in which case an additional amount may be required. The engineering fee will be applied as a credit toward the Applicant's required Contribution Toward the Cost of Construction. If the Applicant fails to complete the extension within 18 months from the date of the Association's Cost Letter, the Applicant will forfeit the engineering fee and the Application for the Line Extension will be cancelled.
- B. Upon receipt of the completed Application, engineering fee and all other required information, the Association will begin design work. Within a reasonable amount of time the Association will provide a Cost Letter indicating the Contribution Toward the Cost of Construction as determined by the Association, and will include if applicable; any Shared Cost Refund due another Applicant, and, if necessary, an amount for the Adverse Conditions Deposit.
- C. In the event the additional cost collected due to possible adverse conditions is greater than the actual costs, the Association will refund the difference after final costs have been determined.
- D. If at any time it is determined by the Association that the Contribution Towards the Cost of Construction or the additional costs collected as an Adverse Conditions Deposit is inadequate to fund the construction of the Line Extension, the Association may amend the estimate and require that an additional amount be paid. If the additional amount is not paid, the Association may stop construction and/or withhold meter sets.
- E. The Association's dated Cost Letter will become void 90 days after the date of the written estimate. If a Cost Letter is not fully executed and the required Contribution Toward the Cost of Construction is not paid before that time, it will be necessary, at the Association's sole discretion, to either extend said estimate or make a new estimate incorporating the then terms of the Association's Line Extension Policy and current construction costs.

  
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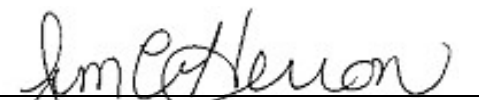
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- F. All Easements or rights-of-way required by and acceptable to the Association will be at locations with appropriate dimensions. The Easements or rights-of-way must be on forms provided by or acceptable to the Association and executed and acknowledged by the owner(s) of record of the underlying property. It is the Applicant's responsibility to provide all required Easements.
- G. Upon receipt of payment in full of the Contribution Toward the Cost of Construction, including any Adverse Conditions Deposit, all required Easements, permits and licenses, and at the sole discretion of the Association, completion of all pre-construction requirements, the Line Extension design will be released for construction scheduling.
- H. As required by the Association, the Applicant will establish the permanent finished grade, plus or minus three inches. The Applicant will also locate and mark on-site survey points such as property corners and boundary lines prior to the installation of facilities. Easements must be clear of obstructions.
- I. It is reasonable for the Association to expect the pre-construction requirements to be completed in a timely manner. If not completed within 90 days from receipt of payment, it will be necessary, at the Association's sole discretion, to either extend the estimate or make a new estimate incorporating the then current terms of the Association's Line Extension Policy and current construction costs.
- J. Unless otherwise specified by the Association, all construction, including excavation up to the Point of Delivery, will be constructed by the Association or its contractor, using construction methods consistent with sound engineering and maintenance practices, and conforming at a minimum to the current version of the National Electrical Safety Code, local regulations and Association Construction Standards. Any additional costs for the convenience of the Applicant will be borne by the Applicant.
- K. Should it be determined by the Association that a Line Extension in excess of the Minimum Facility should be constructed, a portion of the Line Extension cost may, at the sole discretion of the Association, be borne by the Association or third parties.

  
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- L. At the sole discretion of the Association, overhead facilities will not be constructed in those areas where the Association is required by law, ordinance, recorded covenant, or Association policy to install underground facilities.
- M. When the Applicant requires service capacity in excess of 1500 KVA, or in other situations where the Association's existing consumers or its investment in the Existing System would be adversely affected by the Line Extension, the Association may require separate contract agreements which may require the approval of the Association's lenders, setting forth construction deposits, rates, refunds and other conditions of service.
- N. Any fees, deposits or contributions to be refunded to the Applicant under this policy may first be reduced and set-off by any amounts due the Association, as shown on the records of the Association, regardless of the purpose for which such amounts are due or the time or times such amounts became due and owing.

**IV. PERMANENT SERVICE**

In addition to the other applicable terms of this policy, the following will apply to any Permanent Service.

- A. An Applicant for a new Permanent Service will pay as a Contribution Toward the Cost of Construction the total cost of the Minimum Facilities, plus the cost of any additional capacity agreed to by the Applicant and the Association.
- B. An Applicant for a new Permanent Service will be eligible for Shared Cost Refunds if the total cost of construction of the Applicant's extension, less any increased costs due to adverse or changed conditions, exceeds \$10,000.00.
- C. No Shared Cost Refund will be made for the period following termination or transfer of the Applicant's account served by the extension, unless the Applicant provides proof, satisfactory to the Association, the transfer is due to lease of the property or other change of name on the account not due to sale of the property.

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D. If a Line Extension qualifies for a Shared Cost Refund and the Contribution Toward the Cost of Construction is paid by another Applicant for a Permanent Service extension connected to a qualifying extension within six (6) years following the date of receipt of the Contribution Towards the Cost of Construction for the qualifying extension, the un-refunded share of costs of that portion of the extension to be used in common that is attributable to any qualifying prior Applicant(s) will be divided pro-rata among the new Applicant and all qualifying prior Applicants. The new Applicant will pay its pro-rata share as a portion of its Contribution; that pro-rata share is then divided by the number of qualifying prior Applicants, and the resultant fraction is refunded to each qualifying prior Applicant; provided that no Applicant will receive refunds that reduce the total cost of their extension below \$10,000.00.

V. TEMPORARY SERVICE

In addition to the other applicable terms of this policy, the following will apply to any Temporary Service.

An Applicant for Temporary Service will pay as a Contribution Toward the Cost of Construction the total estimated construction cost plus estimated retirement cost of the Line Extension.

VI. CONVERSION, REBUILD, RELOCATION AND REMOVAL

In addition to the other applicable terms of this policy, the following will apply to any Conversion, Rebuild, Relocation, and Removal of facilities.

A. The Applicant will pay as a Contribution Toward the Cost of Construction the total cost of the Minimum Facilities, plus the cost of any additional capacity agreed to by the Applicant and the Association.

B. An agreement committing to all costs of the Line Extension that is executed by a state, county, or municipal government prior to start of construction may be accepted, at the sole discretion of the Association, in lieu of an advance Contribution Toward the Cost of Construction.

  
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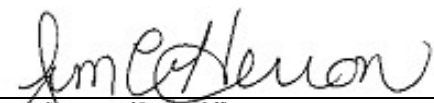
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- C. All costs incurred by the Association resulting from actions of a city, town, county, metropolitan district or other government entity within which the development is located or otherwise beyond the control of the Association will be paid by the Applicant.
- D. Any Conversion, Rebuild, Relocation or Removal will not be eligible for a Shared Cost Refund.
- E. When the state, or a city, town, county, metropolitan district or other government entity enacts a law by ordinance, resolution, or any other means, requiring the Association to reconstruct existing overhead facilities to underground facilities and does not provide payment to the Association for the cost of the conversion(s) pursuant to Title 29, Article 8 of the Colorado Revised Statutes, the Association, by specific resolution of its Board of Directors adopting a tariff, may impose a monthly surcharge on those consumers who derive a benefit from the underground conversion within a defined area as set forth in the Board Resolution.
- F. The monthly surcharge will be determined by the amount of the entire cost of the underground project, multiplied by the Association's "System Fixed Cost Percentage" as set forth in the Board Resolution, which may include expenses for operations, maintenance, administrative and general, depreciation, taxes and interest. The resulting product will be divided by the number of consumers within the area covered by the Board Resolution. The surcharge will be the same for all classes of service.
- G. The Association will begin billing the monthly surcharge in January of the year following the year in which conversion of the facilities was completed. When long-term projects involve multiple phases, each phase will be calculated and billed subsequent to its completion. The monthly surcharge(s) will be reviewed annually to adjust for changes in the population within the area covered by the Board Resolution so that thereafter the monthly surcharge(s) will be applicable to new as well as previously existing consumers within the area. The monthly surcharge(s) will continue so long as the reconstructed facilities, or facilities replacing such, remain in place. Surcharges will be cumulative and may include multiple project phases and projects.

  
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H. The Board Resolution, resulting tariff, and any amendments to these documents, will be recorded with the Clerk and Recorder of the County(ies) to which the Resolution is applicable.

VII. SUBDIVISION EXTENSION

In addition to the other applicable terms of this policy, the following will apply to any Subdivision Extension.

- A. The Developer will provide to the Association an approved final plat and all approved final construction drawings and other pertinent information required by the Association.
- B. The Developer will be charged, as a minimum, an engineering fee of \$200.00 plus \$25.00 per lot for each lot of the development.
- C. Upon receipt of all required information, the Association will solely determine the layout, general design and capacity of the subdivision electrical system, including the system necessary for future phases or filings. This may include construction of necessary facilities to provide three-phase power up to and/or through the subdivision, including any relocation or replacements not requested by the Association.
- D. The Developer will pay as a Contribution Toward the Cost of Construction the total cost of the Minimum Facilities, including but not limited to transformers and meters, plus the cost of any additional capacity agreed to by the Developer and the Association.
- E. All costs incurred by the Association resulting from action of the Developer or a city, town, county, metropolitan district or other government entity within which the development is located, or otherwise beyond the control of the Association, will be paid for by the Developer.
- F. A Subdivision Extension will not be eligible for Shared Cost Refunds.



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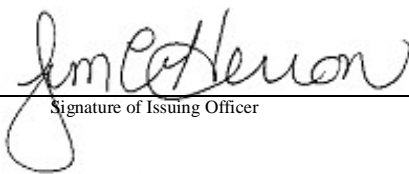
VIII. SYSTEM BACKBONE EXTENSION

In addition to the other applicable terms of this policy, the following will apply to any System Backbone Extension.

- A. The Developer will provide to the Association an approved final plat and all approved final construction drawings and other pertinent information required by the Association.
- B. The Developer will be charged, as a minimum, an engineering fee of \$200.00 plus \$25.00 per lot for each lot of the development.
- C. Upon receipt of all required information, the Association will solely determine the layout, general design and capacity of the subdivision electrical system, including the system necessary for future phases or filings. This may include construction of necessary facilities to provide three-phase power up to and/or through the subdivision, including any Relocation or replacements not requested by the Association.
- D. The Developer will pay as a Contribution Toward the Cost of Construction of the total cost of the Minimum Facilities, plus the cost of any additional capacity agreed to by the Developer and the Association.
- E. All costs incurred by the Association resulting from action of the Developer or a city, town, county, metropolitan district or other government entity within which the development is located or otherwise beyond the control of the Association will be paid by the Developer.
- F. A System Backbone Extension will not be eligible for Shared Cost Refunds.

IX. SYSTEM SUBSTATION OR TRANSMISSION EXTENSION

- A. The Developer of a new subdivision or industrial project will pay the entire cost of a substation or Transmission Line Extension built to serve the load(s) within the project when the new project can be served by extension of the Association's distribution system, but it is determined that:



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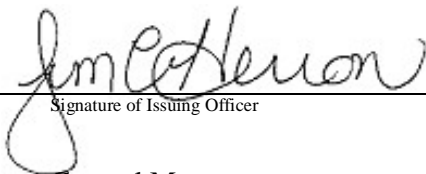
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1. The new project could be served more economically by a new substation and/or transmission extension, rather than the extension of distribution feeders; and
  2. The Association and Tri-State G&T both agree to construction of the substation and/or transmission extension; and
  3. The Developer and the Association enter into a contract whereby the Developer agrees to pay 100% of the agreed upon cost of the substation and/or transmission extension in advance or provide financial assurance, acceptable to the Association that such payment will be made.
- B. The contract between the Association and the Developer will provide, as a minimum:
1. The substation to be constructed will consist of two transformers, each with rating equal to the projected load of the project, as determined by the Association. If the Association determines, in its sole discretion, that larger transformers should be installed, then a portion of the substation cost may be borne by the Association or third parties. Timing of installation of substation equipment will be as determined by the Association.
  2. The substation and/or transmission extension will be permitted and constructed in accordance with RUS rules, Association standard designs and Association standard voltages, as determined in the sole discretion of the Association. All other provisions of the Association Line Extension Policy with respect to distribution facilities will apply to the project.
- C. The Association will refund to the Developer amounts to be determined in each instance (based upon the substation and/or transmission extension cost and the projected build out of the project) for each single phase service and for each actual metered kVA of three phase service (averaged over the first continuous twelve (12) months of service) that is connected to the substation from an area to be defined in each instance during an agreed upon period, not to exceed fifteen (15) years, immediately following energizing of the first substation transformer at the substation. Refunds will be paid once per year within 90 days after the end of a calendar year during which the services were energized; provided that all amounts



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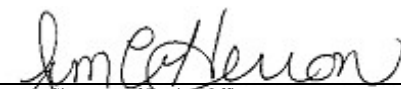
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due the Association, including payment for purchase and installation of the second substation transformer, have been paid; and provided further that in no event will the total amount refunded exceed the original amount paid to the Association by the Developer for purchase and construction of the substation.

- D. Nothing shall prohibit or limit the Association from using the substation and/or transmission extension from serving any other load, new or existing, connected to its system. Where use of a dedicated substation and/or transmission extension is limited to one member, no refunds of the cost of the substation and/or transmission extension will be given.

  
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