



Member Policy

Subject: Line Extensions			Policy No: 4-12A
Original Issue: 11/18/1996	Last Revised: 4/30/2024	Last Reviewed: 4/30/2024	Page 1 of 13

I. OBJECTIVES:

- A. To set forth the terms and conditions under which McLeod Cooperative Power Association (hereinafter referred to as the Cooperative) will construct and extend its distribution facilities to provide adequate electric service to new loads and to replace, relocate, or otherwise modify, its facilities to upgrade service to new and existing consumers throughout the Cooperative's service area.
- B. To set forth the policies for charges of contributions-in-aid of construction to consumers requiring line extensions or modifications, in a manner which recognizes the cost of investment for such extensions or modifications, and the relationship of those costs to the return on such investment recovered through revenue generated from such extensions.
- C. To set forth the terms and conditions for providing such extensions or modifications, without discrimination or the placement of an undue burden upon other consumers.
- D. To provide line extensions for electrical service from the electrical distribution system, based on sound engineering and design principles that will accommodate current and future loads, minimize annual maintenance, and ensure reliability and safety.

II. SCOPE:

This policy addresses the construction, replacement, relocation, and other modifications of all line extensions that provide electrical service to consumers in the Cooperative's service area.

III. DEFINITIONS:

- A. **Contribution-In-Aid of Construction** (hereinafter referred to as contribution) - A financial charge to a customer required to support the Cooperative's costs for a line extension, which are in excess of the Cooperative's normal investment for such a line extension, based on the principles set forth in this policy.
- B. **Line Extension Cost** – The estimated cost of extending lines and the addition or relocation of facilities to serve new and existing customers and loads. This shall be the total cost of extending the line, as well as all branch or lateral lines, including line materials, transformers, meters and related equipment, all

secondary service equipment up to the point of connection, direct labor, transportation, and overheads.

- C. **Mobile Home** – A dwelling not mounted on a permanent foundation made of poured concrete, laid concrete blocks, or a permanent basement of any standard construction material.
- D. **Line Footage Measurements** – The measurement, using sound line design and availability of right-of-way, along the route of an overhead or underground line extension, of the shortest distance from the closest available distribution facility with the proper electrical characteristics, to the consumer's point of connection.
- E. **Annual Revenue** – The estimated or projected gross revenue from a consumer that would be received in a typical year for the sale of electrical energy through the service provided to that consumer from a proposed line extension. The annual revenues used in the calculation of consumer contributions shall be estimated by the Cooperative and determined under the existing rate schedule for providing service to the Customer.
- F. **Point of Connection** – The point at the terminal end of a line extension where a consumer obtains electrical service from the Cooperative. Points of service for various types of line extensions are defined in Policy 4-16.
- G. **Types of Service Extensions Covered Under This Policy:**
 - 1. **Unplatted Residential and Small Farm** – Single phase services to consumers which serve a residence or a farm with a residence, where the residence is a permanent structure and the transformer size is typically between 10 and 50 KVA.
 - 2. **Small Commercial and Large Farm** – Single and/or three phase services to consumers with small to medium size commercial loads or large farm loads with or without residences, churches, and similar loads, with transformers or transformer banks that are typically between 50 and 300 KVA.
 - 3. **Large Power and Industrial** – Three phase services to consumers with large commercial or industrial loads, with transformer banks typically larger than 300 KVA.
 - 4. **Irrigation Services** – Single or three phase services to consumer loads consisting of large electrically driven pump(s) and machinery used for the purpose of crop irrigation, with transformer and transformer bank sizes that are typically sized from 25 to 150 KVA.
 - 5. **Non-Permanent** – Single and three phase services to consumer loads which will be, or appear to be, of temporary nature (less than five (5) years), with a transformer or transformer banks that are typically sized from 1-5 to 150 KVA.
 - 6. **Special Purpose Services With No Permanent Residence** (field pumps, grain dryers, highway signs, area lighting, etc.) – Single and three phase

services to consumers with various types of loads which have no permanent residence included, with transformers or transformer banks that are typically sized from 1.5 to 300 KVA. These loads may or may not be seasonal in nature.

7. **Platted Residential Developments** – Single phase services to residences and single phase and three phase services to other associated facilities, such as street lighting and lift pumps which are located within such developments. Typical transformer sizes will range between 10 and 50 KVA.

IV. GENERAL CONDITIONS AND TERMS:

A. Consumer Requirements

Consumers requesting electrical service from the Cooperative must meet the following requirements:

1. Consumer must execute a Rural Service Agreement with the Cooperative.
2. Consumer must become a member of the Cooperative and accept all responsibilities required by such membership.
3. Consumer must comply with the Cooperative's contribution, deposit, and/or pre-payment policies which may apply to the particular type of service required.
4. Consumer shall be responsible for all right-of-way clearing (as per RUS specifications), approval of adjacent affected landowners, site grading and other preparation as specified by the Cooperative, unless other arrangements are approved by the Cooperative's management. There shall be a non-refundable contribution equal to the cost of right-of-way clearing or the consumer shall provide clear right-of-way in accordance with Cooperative specifications.

B. Contributions

1. The Cooperative and consumer shall agree upon all charges for contributions in advance of the performance of any of the proposed work.
2. Contributions and/or other deposits made with the Cooperative under the provisions of this policy shall be considered non-refundable except where provisions for refunds are specifically stated.
3. Contributions for modifications of existing lines serving a consumer, will be determined by an analysis of the following: the age and condition of the existing line; the extent, cost, and defined benefits to the Cooperative of the proposed modifications; and the annual revenue generated from the consumer account being served from the line extension to be modified.

4. Construction contained in the Cooperative's Construction Work Plans may off-set charges set in Policy 4-12B.
5. Contributions required to extend or modify lines for service to a consumer, may be paid in full, or in part, by any person or party, subject to that consumer's authorization and acceptance by the Cooperative.
6. Management reserves the right to waive or adjust contributions (with good reason) on a case by case basis.
7. All charges for contributions shall be paid in advance of construction by the consumer unless other arrangements are approved by the Cooperative's management prior to the start of construction.
8. All estimates for contributions by consumers shall be valid for a period of 90 days from the date that the estimates are presented to the consumer by the Engineering Department. In the event that charges for line extension work are changed in Policy 4-12B during the 90 day time frame, the estimate shall be recalculated and presented to the affected consumer. That consumer may choose either the original or the revised estimate, whichever is in the consumer's best interest, as long as the choice is made within the original 90 day time frame.

C. Ownership of Facilities

1. All facilities installed by the Cooperative, on either side of the point of connection, and not expressly sold and conveyed to customers by written agreement, shall at all times remain the sole property of the Cooperative, regardless of any contributions paid by consumers, nor shall contributions or deposits entitle consumers to any ownership interest in such facilities.
2. In case of cancellation of a consumer's service agreement for any cause, the Cooperative shall have the right to remove all facilities installed for serving that customer.

D. Permits, Licenses, Authorizations, and Easements

1. The Cooperative will not undertake any installations of line extensions to provide electric service to any consumer location that requires a permit, license, or other form of authorization from any governmental body, until satisfactory proof of compliance has been shown.
2. Where suitable easements do not exist, the Cooperative will provide the necessary easement forms, and solicit their execution. The consumer, as a condition of service, will be ultimately responsible for obtaining all easements and permits, including those from parties whose private property may be crossed by the line extension, as required by the Cooperative, for the construction, operation, maintenance, and protection of the facilities to be constructed.

3. Where federal, state, or other government lands are to be crossed to extend service to a consumer, or group of consumers, the additional costs incurred by the Cooperative for rights-of-way and permit fees shall be borne by the consumer(s).

E. Construction Schedules

1. Scheduling of construction work shall be done after the terms and conditions, under which the construction work will be performed, are agreed upon by the Cooperative and the consumer.
2. Scheduling of construction work will be determined by MCPA after giving consideration to current work load, weather, availability of equipment and materials, and any other relevant factors.
3. The Cooperative reserves the right to refrain from beginning construction, until the consumer has demonstrated to the satisfaction of the Cooperative's management, the intent to proceed in good faith with installation of planned facilities, by acquiring property ownership, obtaining all necessary permits, authorizations, and/or, in the case of mobile homes, compliance with the Cooperative's requirements for permanency.

F. Design of Facilities

1. The Cooperative reserves the right to make final determination of the selection, application, location, line extension route, and design of its facilities. These issues will be based on the provisions of this policy.
2. Where excess construction costs are incurred by the Cooperative, at the request of the consumer, the consumer may be required to reimburse the Cooperative or pay in advance when those costs can be determined before construction such excess costs.
3. At the consumer's option, the Cooperative will provide underground line extensions from existing overhead or underground lines.
4. At the option of applicable adjacent landowner(s), the Cooperative will provide underground line extensions in unplatted areas, subject to the applicable adjacent landowner(s) reimbursing the Cooperative for excess costs incurred by the Cooperative for such construction, as per the provisions of this policy.
5. Where the Cooperative, for its own purposes of design or convenience, , installs it line extensions underground, the differential between estimated overhead construction costs and underground construction costs of such installation will be borne by the Cooperative.
6. The Cooperative reserves the right to select the installation method for the line extension (underground or overhead) in cases where, in the opinion of

the Cooperative's management, one or the other of the methods would be impractical or present a potential detriment to the service of other consumers.

7. When interconnecting with existing underground facilities, no overhead installations are allowed, except at the discretion of the Cooperative's management.

8. The Cooperative will provide three phase service when requested by a consumer providing this request is proved feasible under the following conditions:
 - a. The consumer needs threethree phase service for a planned expansion program.
 - b. The three phase line extension is consistent with long-range plans in the area.
 - c. The three phase line extension is consistent with load balancing and voltage drop studies.

G. Impediments to Construction

Where unusual construction costs are incurred by the Cooperative due to physical obstacles such as, but not limited to: rock, uneven surfaces, water, frost, other utility facilities, heavy concentration of tree roots, roadway crossings, or due to actions of a consumer or the consumer's contractors or agents, the consumer shall pay the additional construction costs.

H. New Consumer Sharing Construction Costs Within Five (5) Years

1. New consumers connecting directly to a new single phase or three phase extension, within the first five (5) years after the extension has been completed, will pay a prorated charge, based on the location of the new connection and the original consumer(s) cost of the first extension portion. This cost will be refunded to original consumer(s). This cost will be in addition to charges for any new line extensions.

2. Each distribution line extension shall be a separate distinctive unit. Any further extension therefrom shall have no effect upon the agreements under which such extension is constructed, except as provided in Section IV-H-1.

I. Miscellaneous

1. Multiple residences at a single location will be treated as separate accounts and will be individually metered, unless the Cooperative's management determines that the residences are owned by a single entity and it is in the best interest of the Cooperative to meter such residences jointly.

2. Refunds of contributions, deposits or facility charges required under this Policy shall not bear interest.

3. Line modifications that are required due to hazardous conditions are covered by Policy No. 4-9.
4. Where modifications are required for lines or facilities in public right-of-way, due to road reconstruction or other types of construction, the Cooperative assumes responsibility for all modification costs.
5. Where modifications are required for lines or facilities in private right-of-way, due to road reconstruction or other types of construction, the government agency and/or party(ies) making the request for such modifications shall have the responsibility for all modification costs.

V. CONDITIONS AND CHARGES FOR SPECIFIC TYPES OF SERVICES

A. Unplatted Residential and Small Farm Loads (Typically 5 to 50 KVA)

1. The Cooperative will provide single phase service to sites with permanent residential structures or permanent rural farm dwelling/building(s) combination, provided that such sites are of a continuing permanent nature, generally intended for use twelve (12) months per year and the service does not typically exceed 50 KVA of installed transformer capacity. (A mobile home will not be considered to be a permanent residence by the Cooperative).
2. The contribution for such line extensions will be based upon the charges defined in Policy 4-12B.
3. The Cooperative shall provide that part of a single phase line extension on, or closely adjacent and parallel to, the public right-of-way for a distance of 1000 feet. Public right-of-way includes all roadways which are the responsibility of the State, County, City, or Township and are maintained by a unit of Government. Extensions along approved roads in excess of 1000 feet will require a contribution from the consumer equal to the charge per foot defined in Policy 4-12B. The segments of line extensions, covered under this section, will generally be overhead when extended from existing overhead lines and underground from existing underground lines unless the Cooperative's management determines that an alternative method is in the best interest of the Cooperative.

B. Small Commercial and Large Farm Loads (Typically 50 to 300 KVA)

1. The Cooperative will extend single or three phase service to consumers with loads in this category in accordance with the standard rules of the Cooperative applicable to the extension to be made under the class of service required.
2. For single phase line extensions, the contribution shall be based upon the charges defined in Policy 4-12B.

3. For three phase line extensions, the contribution shall be based upon the charges defined in Policy 4-12B.
4. The Cooperative will make the following allowances for that part of line extensions installed on, or closely adjacent and parallel to, the public right-of-way.
 - a. For single phase overhead line extensions, the Cooperative will provide extensions for a distance of 1000 feet. For that part of extensions greater than 1000 feet, the contribution from the consumer shall be equal to the charge per foot defined in Policy 4-12B.
 - b. For three phase lines extended where no line extensions presently exist, the Cooperative will allow the estimated cost of a 1000 foot, overhead single phase line installation to be deducted from the contribution calculated for a three phase line extension as per Parts V-B-3.
 - c. For three phase lines extended where a single phase overhead line presently exists, the Cooperative will not further reduce the contribution calculated for a three phase line extension as per Parts V-B-3, unless there are other considerations such as the general condition of the existing line or those adjustments allowed in Parts IV-B-3, IV-B-4, IV-B-5.

C. Large Commercial and Industrial Loads (Typically 300 KVA or Larger)

1. The Cooperative will extend three phase service to consumers with loads in this category in accordance with the standard rules of the Cooperative applicable to the line extension to be made under the class of service required.
2. The Cooperative shall analyze the estimated cost of construction and gross annual revenue that the consumer is expected to generate to determine an appropriate contribution which will ensure that the Cooperative's investment is recovered over a reasonable period of time.
3. For that part of line extensions installed on, or closely adjacent and parallel to, the public right-of-way, the Cooperative will allow the estimated cost of a 1000 foot, single phase line extension, calculated as per Policy 4-12B, to be deducted from the contribution calculated for a three phase line extension as per Part V-C-2.
4. The Cooperative reserves the right to collect the required contribution in advance of construction and/or with a facilities charge that would be a part of the electrical rate under which the consumer would be served.
5. The Cooperative recognizes that consumers may need a development period prior to full operation. The contribution and/or facilities charges may be waived for a period not to exceed twelve (12) months from the initial billing date. If such waiver is granted, the contribution and/or facilities charges shall

be extended to a minimum of five (5) years from the close of the development period.

D. Irrigation Services (Typically 25 to 150 KVA)

1. The Cooperative will extend single or three phase service to consumers with irrigation loads in accordance with the standard rules of the Cooperative applicable to the extension to be made under the class of service required.
2. The Cooperative shall calculate estimated line extension costs as per Part V-C. An annual minimum billing charge shall apply which will be equal to one year's estimated revenue. This minimum charge will remain in effect for no less than five (5) years or the time stipulated in the consumer contract. If the annual minimum billing charge is not satisfied during any calendar year, the deficit amount shall be billed the consumer in twelve (12) equal monthly installments during the following year.

E. Services to Loads of Questionable Permanence (Typically 1.5 to 150 KVA)

1. For consumers with loads of a questionable permanence such as, but not limited to, sawmills, mixer plants, gravel pits, pumping facilities, trailer homes without foundations, etc., the Cooperative will extend single or three phase service in accordance with the standard rules of the Cooperative applicable to the extension to be made under the class of service required.
2. Contributions required of the consumer for this type of service will be the total estimated line extension cost as determined by the Cooperative and will be based on the provisions of this policy.
3. Contributions for this type of load shall be paid prior to the beginning of construction of the line extension.
4. If a service of this type remains active for five (5) years, the consumer contribution and service revenue generated, will be analyzed to determine if a refund, of part of that contribution, is due the consumer, based on Parts V-B-2, V-B-3, or V-B-4.

F. Non-Residential, Permanent, Seasonal Service (1.5 KVA to 300 KVA)

1. The Cooperative will extend single or three phase service to consumers requesting electrical service for grain dryers, drainage pumps, feed lots, pasture pumps, machine sheds, highway signs, area lighting, or other non-residence installation in accordance with standard rules of the Cooperative applicable to the extension to be made under the class of service required.
2. A contribution shall be required for costs calculated as per Parts V-B-2, V-B-3, or V-B-4. An annual minimum billing charge shall apply which will be equal to one year's estimated revenue. This minimum charge will remain in effect for no less than five (5) years or the time stipulated in the consumer contract.

3. If the Cooperative's management determines that there is a reasonable prospect within the following five (5) years, for additional consumers to use a line being extended for a consumer of this type, the following allowances for line extensions installed on, or closely adjacent and parallel to, the public right-of-way will be made:
 - a. For single phase overhead line extensions, the Cooperative will provide extensions for a distance of 1000 feet. For that part of extensions greater than 1000 feet, the contribution from the consumer shall be equal to the charge per foot defined in Policy 4-12B.
 - b. For three phase lines extended where no line extensions presently exist, the Cooperative will allow the estimated cost of a 1000 foot, overhead single phase line installation to be deducted from the contribution calculated for a three phase line extension as per Parts V-B-3 or V-B-4.
 - c. For three phase lines extended where a single phase overhead line presently exists, the Cooperative will not further reduce the contribution calculated for a three phase line extension as per Parts V-B-3 or V-B-4, unless there are other considerations such as the general condition of the existing line or those adjustments allowed in Parts IV-B-3, IV-B-4, IV-B-5.

G. Platted Residential Developments (Typically 10 to 75 KVA)

1. The Cooperative will extend electrical service to residences and associated facilities within platted residential subdivisions in accordance with the standard rules of the Cooperative applicable to the extension to be made under the class of service required. Line extensions in developments will normally be installed underground adjacent to the front of residential lots.
2. The Developer (Subdivider) of such residential developments, or subdivisions shall pay a contribution at rates established in Policy 4-12B, for primary line extensions and secondary line extensions from transformers to lot lines. Payments of contributions are non-refundable and shall be made to the Cooperative prior the beginning of the line extension construction in such developments. Such line extensions shall include primary feeders, sectionalizing pedestals, transformers and pads, and secondary lines to the lot line.
3. The Developer (Subdivider) of such residential developments or subdivisions shall pay a contribution at rates established in Policy 4-12B for costs of the furnishing and installation of requested, or required, street and area lighting.
4. The Developer (Subdivider) shall provide to the Cooperative a final plat of the subdivision, showing the location of existing, planned and/or platted easements, lots, streets, alleys, buildings, well sites, lift stations, any underground installations or obstructions and any additional information pertinent to the design of the extension, as required by the Cooperative.

5. The owner of the residential lot(s), with a residence requiring electrical service, shall be charged a contribution for the secondary line extension, measured from the location of the secondary conductors at the lot line to the metering point at the residence. Payments of such contributions are non-refundable and shall be made to the Cooperative in a manner consistent with Part IV-E-1 of this Policy, before construction of the secondary service extension to the metering point.
6. All other applicable parts of this policy shall apply to the line extensions provided for in this section.

H. Miscellaneous Construction and Operational Charges

1. Winter Charges

- a. Winter charges will be added to standard underground line extension costs to reflect additional labor and equipment damage caused due to construction in inclement conditions, such as frost, mud, snow, and ice.
 - b. The winter charges may apply to all underground construction installed between November 1 and the following April 15. The specific date of onset for winter charges will vary from year to year, depending upon actual field conditions. MCPA will decide the date after which winter charges are applied.
 - c. Notification procedures – It is the responsibility of the Engineering Department to notify all building contractors and individual consumers who have applied for a new service when anticipated winter charges will be taking effect.
 - d. Winter charges shall be defined in Policy 4-12B.
 - e. Restoration of construction excavation during winter conditions will be limited to replacement of existing fill material. The Cooperative takes no responsibility for settlement of trenches installed in these conditions.
2. Boring charges for underground crossing of paved highways, streets, waterways, and similar obstacles will be calculated as per Policy 4-12B.
 3. The following excess costs for line extension construction will be charged to the consumer:
 - a. Costs due to delays caused by the consumer or the consumer's contractors.
 - b. Costs due to unknown subsurface conditions such as rock formations.
 - c. Costs due to street or other areas being surfaced prior to or excavated after installation of an underground electrical system.

- d. Costs for special restoration caused by not withholding improvements (ex., road paving) before utilities are installed.

I. Reconstruction of Existing Line Extensions to Individual Services

- 1. The Cooperative will rebuild, or relocate existing single or three phase line extensions to consumers requesting such reconstruction in accordance with the standard rules of the Cooperative applicable to the extension to be made under the class of service required.
 - a. For single phase reconstruction a contribution shall be required for costs calculated as per Policy 4-12B.
 - b. For reconstruction from a single phase to a two phase line extension, or to relocate a two phase line extension, a contribution shall be required for costs calculated as per Policy 4-12A, Part V-B-3.
 - c. For reconstruction from a single phase to a three phase line extension, or to relocate a three phase line extension, a contribution shall be required for costs calculated as per Policy 4-12A.

J. Temporary Service for Construction Sites

- 1. Temporary electrical service to a construction site will be provided by the Cooperative if requested by customer or the customer's construction contractor subject to a contribution being paid in advance to the Cooperative, based on charges defined in Policy 4-12B.
- 2. Customer or customer's contractor must finish meter loop for temporary service.

Dated: 4-28-24



PRESIDENT