



JAN 10 2020

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Section No. V  
Sheet No. V-17  
Revision No. 15

Page 1 of 9

## ELECTRIC TARIFF

### RULES, REGULATIONS AND CONDITIONS OF SERVICE

#### 16. EXTENSION TO CUSTOMERS

##### General Policy:

This policy is only applicable for Extensions to Customers taking service at distribution voltages below 60 kV.

If a line Extension is required by a Customer other than a large industrial or commercial Customer or if facilities are not available, Company will inform Customer within 10 working days of receipt of the application, and will give Customer an estimated completion date and an estimated cost for all charges to be incurred by Customer.

Following assessment of necessary line work, Company will explain to Customer any construction cost options such as sharing of construction costs between Company and Customer, or sharing of costs between Customer and other Applicants.

Company will make an Extension to provide service to a new Customer when the revenue to be derived from such Extension will provide a suitable return. Extensions requiring an excessive expenditure in relation to revenues shall be made only when Customer makes a nonrefundable contribution in aid of construction. Such nonrefundable contribution will reduce Company's net Extension expenditure to a value which will provide a suitable return from expected revenues, thereby preventing undue hardship on the other Customers of Company. Construction shall not commence until the contribution is paid in full.

Requested alterations or relocations of Company facilities without a contribution in aid to construction impose an unfair burden on other Customers. Customer making such request shall make a nonrefundable contribution in aid of construction for the full cost of the alterations or relocations except where prohibited by law, franchise or the authority having jurisdiction.

The cost of a line Extension is based on an estimate of the cost of material for the specific line Extension. The cost includes the cost of material, labor, necessary transportation and equipment, and appropriate overheads applied in a uniform manner throughout Company's Texas service territory. At the option of the Customer, the Company or the Customer will be responsible for negotiating and acquiring any necessary right-of-way required for the line Extension.

The Company shall have the option of performing all ditching and backfilling required for the installation of all underground wires and cables at the Customer's expense. If Company is unable

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ANALYSIS



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JAN 10 2020

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Section No. V  
Sheet No. V-17  
Revision No. 15

Page 2 of 9

## ELECTRIC TARIFF

### RULES, REGULATIONS AND CONDITIONS OF SERVICE

#### General Policy: (cont.)

or unwilling to do ditching and backfilling, the Customer shall do it in accordance with Company specifications.

Expected annual revenue, which excludes fuel and purchased power cost, is to be estimated by applying current rates to Customer's estimated load data. Average-use data may be used to calculate annual revenue when appropriate, for example, if Customer's load is highly sensitive.

A suitable return, as used in this rule, is provided when an economic analysis results in a return on the investment in plant and equipment related to the line Extension equal to or greater than the allowed return granted in Company's most recent rate case. Such economic analysis will incorporate estimated annual revenue, operating and maintenance expenses, line Extension cost, other costs as appropriate, and expected duration of service to the new Customer.

Extensions to Customers will be made in compliance with Company's distribution standards. Each Extension shall be considered upon its individual merits and will be governed where applicable, by the following Extension policy statements and exhibits:

- A. Except for service to Customers specifically addressed in paragraphs B., C., and D. below, Company will make an Extension at its cost to Customers who qualify for service under its applicable tariffs when the cost of the Extension does not exceed 3.0 times the expected annual revenue to be derived from such Extension, excluding any fuel and purchased power cost revenue. Customer shall pay to Company a nonrefundable contribution in aid of construction, all costs of such Extension which exceed 3.0 times the expected annual revenue figure described in the preceding sentence.
- B. Primary and Secondary General Service: Due to the complexities and substantial costs often involved in this type of service Extension, each request for service will be evaluated on its individual costs and benefits. For Customers requesting service for oil or natural gas production, Company will extend a primary voltage above 2.4 kV but less than 69 kV to Customer's oil or gas field lease or boundary line.

Company will extend its facilities to serve Customers qualifying for service under its Primary and Secondary General Service Tariff based upon the following guidelines.

DIRECTOR, REGULATORY AND PRICING  
ANALYSIS

JAN 10 2020 4 98 31

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## ELECTRIC TARIFF

### RULES, REGULATIONS AND CONDITIONS OF SERVICE

#### General Policy: (cont.)

1. For Extensions costing \$300,000 or less, Company will extend service at its cost when the total cost of service does not exceed the expected annual revenue multiplied by a factor of 3.0, excluding any fuel and purchased power cost revenue. Customer shall pay to Company a nonrefundable contribution in aid of construction, all costs for such Extension which exceed 3.0 times the expected annual revenue figure described in the preceding sentence. In addition, Company shall gross up the non-refundable contribution amount to account for taxes associated with the non-refundable contribution.
  2. For Extensions costing more than \$300,000, Company will make the Extension at its cost if the expected revenue from the service provides a suitable return. Extensions requiring an excessive expenditure in relation to revenue shall be made only when Customer makes a nonrefundable contribution in aid of construction, thereby lowering Company's investment in the extension to an amount on which suitable return can be realized. In addition, Company shall gross up the non-refundable contribution amount to account for taxes associated with the non-refundable contribution.
  3. A Service Agreement or Special Contract may be required by Company to be executed prior to extending service. The contract term shall contain a minimum contract period with an automatic renewable provision from year to year thereafter.
- C. Extension policies defining other specific service conditions are included in the following exhibits:
1. Underground Distribution Extension – Exhibit "A"
  2. Residential Development Extension – Exhibit "B"
  3. Municipal Requested Streetlight Extension – Exhibit "C"

Any request for an Extension that cannot be agreeably resolved between Company and Customer shall be referred to the regulatory body having jurisdiction.

DIRECTOR, REGULATORY AND PRICING  
ANALYSIS



JAN 10 2020

TEKCOOD

4 98 31

Section No. V  
Sheet No. V-17  
Revision No. 15

Page 4 of 9

## ELECTRIC TARIFF

Page 1 of 2

### RULES, REGULATIONS AND CONDITIONS OF SERVICE

#### EXHIBIT A

##### Extension Policy

**TITLE:** Underground Distribution Extension.

**PURPOSE:** To establish a policy under which Company can extend its electric facilities for the above titled service. Company's tariffs covering electricity consumption are all based on service being supplied by normal overhead facilities. Requirements imposed on the owner or developer, herein called owner, under this policy are designed so that Company may provide underground service when requested by the owner without causing undue hardship on other Customers of the Company. Undue hardship is placed on other Customers of the Company when Company's cost of making the requested extension is such that the revenues to be derived from the extension will not provide a suitable return as described in the Company's Rules, Regulations and Conditions of Service-Extensions to Customers.

**POLICY DEFINITION:** Company will provide a distribution system placed underground utilizing pad mounted type transformers and enclosures. The distribution system may provide single or three phase, three or four wire service at a nominal 120/240 Volts, 120/208 Volts or 277/480 Volts at a Point of Delivery acceptable to Company. Metering will be provided and installed by the Company.

**REQUIREMENTS FOR OWNER:** The owner shall provide, at no expense to Company, the following:

- A. **Survey and Plats:** Certified plats identifying property corners that have been located on the ground by a qualified surveyor in a Company approved format.
- B. **Easements and Rights-of-Way:** Valid easements and rights-of-way, as required by the Company, to cover the distribution system.
- C. **Ditching and Backfilling:** All ditching and backfilling required for the installation of all underground wires and cables, in accordance with Company specifications.
- D. **Compliance with Company Standards:** All aspects of interconnection shall comply with Company standards, electrical codes and the rules of the jurisdiction having authority.

DIRECTOR, REGULATORY AND PRICING  
ANALYSIS



PUBLIC UTILITY COMMISSION OF TEXAS  
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JAN 10 2020  
4 9831  
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Section No. V  
Sheet No. V-17  
Revision No. 15

Page 5 of 10

**ELECTRIC TARIFF**

**RULES, REGULATIONS AND CONDITIONS OF SERVICE**

**EXHIBIT A**

Page 2 of 2

**Extension Policy**

- E. Contribution in Aid of Construction:** Company will make an Extension at its cost to Customers who qualify for service under its applicable tariffs, when the cost of the Extension does not exceed 3.0 times the expected annual revenue to be derived from such Extension, excluding any fuel and purchased power cost revenue. Customer shall pay to Company a nonrefundable contribution in aid of construction, all costs of such Extension which exceed 3.0 times the expected annual revenue figure described in the preceding sentence. In addition, Company shall gross up the non-refundable contribution amount to account for taxes associated with the non-refundable contribution.
- F. Overhead to Underground Conversion:** Company will agree to place existing or future feeder circuits and distribution lines underground only when the cost is borne by the owner or others. Costs associated with such underground feeder circuits and distribution lines shall be determined by Company.

**DIRECTOR, REGULATORY AND PRICING  
ANALYSIS**



JAN 10 2020

DOCKET

4 98 31

**ELECTRIC TARIFF**

**RULES, REGULATIONS AND CONDITIONS OF SERVICE**

**EXHIBIT B**

**Extension Policy**

**TITLE:** Residential Development Extension.

**PURPOSE:** The purpose of this Extension policy is to establish a means by which Company can provide requested extensions of electric distribution facilities into a specific residential development area for service to future Company Customers within that area without causing an undue hardship on other Company Customers. Undue hardship is placed on other Customers when Company's cost of making a requested extension is such that the revenue to be derived from the extension will not provide a suitable return to the Company.

**AVAILABILITY:** Extension of electric distribution facilities is available to any developer engaged in subdividing a contiguous parcel of land, located within Company's Texas service area, into specified lots or tracts intended for sale or lease and utilization as lots for residential occupancy. However, the development must be under the control of a responsible developer who shall comply with the terms and conditions of this policy.

**STATEMENT OF POLICY:**

1. Company will extend a primary voltage line to serve the development, including a secondary voltage line ("Extension").
2. Developer will provide a non-refundable contribution in aid of construction in the amount of Company's estimated total cost of the Extension. In addition, Company shall gross up the non-refundable contribution amount to account for taxes associated with the non-refundable contribution.
3. Company may make other extensions, alterations, or additions to the Extension for service to Customers outside of the development.
4. Upon the request of any owner of a lot within the development, Company will extend service from the Extension to the Point of Delivery in accordance with Company's Rules, Regulations and Conditions of Service.
5. The subdivided parcel of land shall be defined by a recorded plat, a copy of which shall be provided to Company in Company's approved format.

**DIRECTOR, REGULATORY AND PRICING  
ANALYSIS**



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JAN 10 2020

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4 98 31

Section No. V  
Sheet No. V-17  
Revision No. 15

Page 7 of 9

**ELECTRIC TARIFF**

**RULES, REGULATIONS AND CONDITIONS OF SERVICE**

**EXHIBIT B**

Page 2 of 2

**Extension Policy**

- 6. The developer shall provide at no expense to Company, valid easements and rights-of-way as required by Company covering all Company's facilities

**STREET LIGHTING:** Company will provide street lighting requested by a Municipal Authority having jurisdiction within the specified area being developed under this policy provided that the type of lighting requested is compatible with the distribution system, and the Municipal Authority agrees to the monthly service charges specified on the applicable tariffs.

Installed costs for all street light facilities for the requested type of service will be included with any required distribution extension costs for extension cost calculation purposes.

**DIRECTOR, REGULATORY AND PRICING  
ANALYSIS**



JAN 10 2020

DOCKET

4 9831

**ELECTRIC TARIFF**

**RULES, REGULATIONS AND CONDITIONS OF SERVICE**

**EXHIBIT C**

**Extension Policy**

**TITLE:** Municipal Requested Streetlight Extension.

**PURPOSE:** The purpose of this Extension policy is to establish a means by which Company can provide Municipal Requested Streetlights in any developed area that the requesting Municipal Authority has jurisdiction without causing an undue hardship on other Company Customers. Undue hardship is placed on other Customers when Company's cost of making a requested extension is such that the revenue to be derived from the extension will not provide a suitable return to Company.

**AVAILABILITY:** Extension of electric distribution facilities is available in any previously developed area being under the jurisdiction of the requesting Municipal Authority located within Company's Texas service area.

**STATEMENT OF POLICY:**

1. Company will install and maintain all necessary facilities as determined by Company to fulfill the Municipal Authorities request.
2. Municipal Authority will provide Company with a letter including, but not limited to, the following:
  - a. Location of Streetlight(s)
  - b. Number of Streetlights desired at each location
  - c. Type of Streetlight(s) desired at each location
3. Company will make the Extension at its cost when the total cost of service does not exceed the total streetlight allowance. The streetlight allowance shall be the expected annual revenue for the requested streetlight multiplied by a factor of 3.0, excluding any fuel and purchased power cost revenue. The Municipal Authority shall pay to Company a nonrefundable contribution in aid of construction, all costs which exceed the total streetlight allowance. In addition, Company shall gross up the non-refundable contribution amount to account for taxes associated with the non-refundable contribution.

**DIRECTOR, REGULATORY AND PRICING  
ANALYSIS**





PUBLIC UTILITY COMMISSION OF TEXAS  
APPROVED

JAN 10 2020

4 98 31

DOCKET

Section No. V  
Sheet No. V-17  
Revision No. 15

Page 9 of 9

**ELECTRIC TARIFF**

**RULES, REGULATIONS AND CONDITIONS OF SERVICE**

**EXHIBIT C**

Page 2 of 2

**Extension Policy**

4. A streetlight will be provided that is compatible with the distribution system given that the requesting Municipal Authority agrees to the monthly service charges specified on the applicable tariffs.

Effective Date August 27, 2020

**DIRECTOR, REGULATORY AND PRICING  
ANALYSIS**