

SIERRA ELECTRIC COOPERATIVE, INC.
SIXTH REVISED RULE NO. 15
CANCELLING FIFTH REVISED RULE NO. 15

LINE EXTENSION POLICY

FILED IN OFFICE OF

NOV 15 2018

NM PUBLIC REGULATION COMM
RECORDS MANAGEMENT BUREAU
(X- Numerous Changes)

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POLICY: The following policy will allow Sierra Electric Cooperative, Inc. (SEC) to extend its lines and facilities as needed to serve new consumers and locations within its service area. The Cooperative shall not be required to make an extension or provide facilities that would cause a financial hardship on the Cooperative and its existing consumers.

The Cooperative reserves the right to limit new or additional power service commensurate with the available unreserved capacity in production, transmission, distribution and substation facilities. In all cases, where such existing facilities are limited, the Cooperative will require written contract for a suitable initial contract period which will justify and support the necessary investment and reservation of capacity required to render such power service.

A written application and contract will be required for service made under this policy. The contract will cover the period of service, character of service and details of the costs of construction, including material, labor and all other expense necessary for the service extension.

No charge will be made for distribution transformers under 225 kva, but a transformer installation charge will be included in the cost of construction.

For the purposes of compliance with National Electrical Safety Codes, and general electric utility practices and in accordance with Sierra Electric by-laws, Article 1, Section 1.08, the consumer provides an easement to Sierra Electric Cooperative, Inc.

DEFINITIONS

The following terms shall have the following meaning for the purposes of this policy.


1. Advance for Construction - a payment to the Cooperative for a line extension, made prior to the start of work on a project, and based on cost and is subject to refund.
2. Contribution in Aid of Construction - a payment to the Cooperative for a line extension, made prior to the start of work on a project and based on cost and is not subject to refund.
3. Line Extension - the addition to, or modification of, the Cooperative's electric distribution system, for providing electric service to a consumer or group of consumers.

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REPLACED BY NMPRC
BY Rule 210

Advice Notice No. 67



Denise K Barrera
General Manager

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4. Minimum Line Extension - the minimum line extension is designed solely to meet the needs of the consumer requesting service and is consistent with Cooperative and industry design and safety standards.

5. Line Class - one of four types of construction: single phase, overhead; three phase overheads; single phase underground; three phase undergrounds.

6. Allowable Amount - Sierra Electric will allow a construction cost, per meter, for each Permanent Service that does not exceed the current non-monetary line extension allowable equal to SEC's installation cost for a pole-mounted single-phase transformer, lift pole, 180 feet service, and meter. There will be one-line extension allowable given for each permanent service. SEC's installation cost will be reviewed on a yearly basis.

7. Line Footage - the length of a line extension in feet, measured along the centerline of the construction route.

8. Grant of Easement - for all line extension projects, SEC will verify grant(s) of Easements have been accurately completed for the purpose of construction, servicing, repair, adding of circuits, and replacement of SEC lines necessary to provide service to the SEC membership and to others who enter into agreements for purchasing of power from the Cooperative of the additional of approved joint use facilities. Special cases of easement rules or constraints will be considered on a case by case basis. Easements will be required of all land owners which the line extension project encroaches upon. Easement will be recorded at the respective county courthouse by SEC. SEC does not pay landowners for Grant(s) of Easements. Additionally, all SEC costs related to the acquisition of the easement(s) shall be the full responsibility of the applicant.

GENERAL REQUIREMENTS

In accordance with New Mexico Public Regulation Commission Rule No. 410, thirty (30) days after a residential customer has complied with all the reasonable utility requirements, the Cooperative will provide to such customer a written estimate of the cost of the line extension. The Cooperative will complete construction of the line extension within sixty (60) days after the residential consumer signs the Cooperative's line extension agreement, pays the advance for construction, and after the Cooperative has received all applicable permits, rights of way, materials and labor necessary for the line extension and the Cooperative has completed all necessary contractual obligations.

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CLOSING OF PROJECT

When the project is completed, and the Cooperative's accounting is closed out (generally within 90 days), the Cooperative may adjust the consumer's advance payment to the actual cost and any difference will be either refunded or billed.

IMPAIRED LINE CLEARANCE

Any customer or any other person (including, but not limited to a cooperative, corporation, partnership, contractor, land developer, property owner, or property lessee, or any combination thereof) who installs or constructs any permanent or temporary structure(s) or vegetation that impairs the clearance (as specified in any Applicable Code) of the Cooperative's existing transmission, substation, express feeder, streetlight or distribution line facilities, or any combination thereof, shall bear all costs incurred by the Cooperative in the reconstruction or relocation, or both, necessary to remove any and all impaired clearances. The customer shall notify the Cooperative, as soon as possible, of any existing or anticipated impaired clearances.

CONSUMER EQUIPMENT

The Consumer shall install only such motors or other apparatus or appliances as are suitable for operation with the character of the service supplied by the Cooperative and which are not detrimental to that service. Further, the electric power must not be used in such a manner as to cause abnormal voltage fluctuations or disturbances to the Cooperative's distribution system. The Cooperative may require the installation of approved starting current load limiting devices on motors. Upper limits of in rush starting current will be determined by the Cooperative.

The consumer shall maintain a power factor of 90% or higher. If the consumer's power factor is below 90% the Cooperative may require that power factor equipment be installed as a condition of service.

LINE EXTENSION ESTIMATES AND FEES SCHEDULE

Upon request by a consumer for a line extension, SEC shall prepare, without charge a non-binding estimate of construction costs to be paid by the consumer(s) requesting engineering design estimates for new electric service or service upgrades for single and/or multiple development line extensions will be charged the following non-refundable fees:

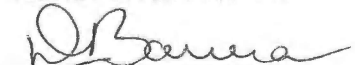
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| TYPE OF SERVICE | NO. OF SERVICE(S) | FEE |
|--|-------------------|--|
| Residential | 1 Service | \$100 |
| Subdivision | 2 or more lots | \$1,000 plus \$10 per lot in excess of 10 lots |
| Small Commercial =<50kva (OH & UG) | 1 Service | \$100 |
| Commercial >50- 225 kva (OH & UG) | 1 Service | \$200 plus \$100 per service in excess of 1 |
| Commercial >225 kva (OH & UG) | 1 Service | \$750 plus \$100 per service(s) |
| Relocation or changes to cooperative facilities and service upgrades | 1 Service | \$50 |
| Main Distribution (Primary Voltage) | | \$.22 per foot |

TYPES OF SERVICE

I. PERMANENT SERVICE

DEFINITION: "Permanent Service" as herein defined is construed to mean service to domestic, small commercial, rural and urban consumers when the use of service both as to amount and permanency can be reasonably assured. Consumer shall be financially able and responsible to fulfill all obligations to be specified by written agreement. Consumer shall also provide copies of the deeds to all properties involved in the line extension.

To be considered permanent, the electric meter shall supply electric power to one of the following:

1. All trailer and mobile homes placed on a permanent foundation with the wheels, axles, and tongue arrangements removed.
2. Water wells.

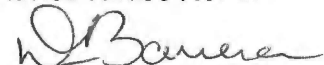
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3. A building if it is fully enclosed and has a minimum of 400 square feet of floor space, with a permanent foundation and roof.
4. Any barn or shop not fully enclosed with over 800 square feet of floor space and with a permanent foundation affixed to the earth.

Campers, fifth wheels, recreational vehicles, cargo containers, semi-trailers, yurts, tents, electric gates, entrances, carports, or other services deemed non-permanent by SEC will not be considered permanent structures.

- A. **CONTRACT TERM:** To assure that the additions to the plant, lines and systems of SEC required to provide electric service to existing/new consumers will not cause undue hardship upon SEC or its then existing consumers, each new consumer shall be required to contract to receive service and pay the customer charges for a period of at least five years continuous billing.
- B. **MINIMUM BILL:** The minimum bill shall be the customer charge in accordance with the applicable rate schedule for each service. Every new service will also be charged a connect fee plus tax.
- C. **FREE EXTENSIONS:** SEC will extend electric service to any permanent consumer without a construction charge provided that the total construction investment required does not exceed the current non-monetary line extension allowable equal to SEC's installation cost for a pole-mounted single-phase transformer, lift pole, 180 feet service, and meter. There will be one-line extension allowable given for each permanent service.

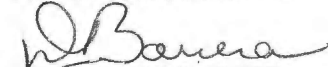
If the construction investment required for the permanent consumer exceeds the line extension allowable, the consumer will be required to make an advance in aid of construction in an amount equal to the excess, prior to the construction of any facilities.

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II. UP AND DOWN SERVICE

DEFINITION: electric service to all mobile or portable, such as carnivals, concession stands, construction sites, facilities or projects of a known temporary nature.

- A. CONTRACT TERM: Not less than one month but not to exceed 12 months.
- B. MINIMUM BILL: The minimum bill shall be the customer charge in accordance with the applicable rate schedule for each service. Every new service will also be charged a connect fee plus tax.
- C. CONSTRUCTION COST: The applicant shall pay for the total cost of construction and removal of the Up and Down Service, as a nonrefundable contribution, prior to start of construction.

III. TEMPORARY SERVICE

DEFINITION - electric service to individual mobile homes and recreation vehicles or to installation for commercial enterprises of a speculative nature and any other type of installation where the amount of use and the permanency of service cannot, in the opinion of the Cooperative, be reasonably assured.

- A. CONTRACT TERM: Not less than one month but not to exceed 12 months.
- B. MINIMUM BILL: The minimum bill shall be the customer charge in accordance with the applicable rate schedule for each service. Every new service will also be charged a connect fee plus tax.
- C. CONSTRUCTION COST: The applicant shall pay for the total cost of construction and removal of the Temporary Service, as a nonrefundable contribution, prior to start of construction.

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**IV. RELOCATION OR CHANGES TO COOPERATIVE FACILITIES AND
SERVICE UPGRADES**

DEFINITION: all costs associated with the need to relocate/upgrade service to accommodate the installation of refrigerated air systems, solar panels, water wells, etc. are borne by the consumer who needs the relocation/upgrade and not by the other consumers already being served by the cooperative.

- A. MINIMUM BILL: The minimum bill shall be the customer charge in accordance with the applicable rate schedule for each service. Every new service will also be charged a connect fee plus tax.
- B. CONSTRUCTION COST: When the Cooperative is required to relocate or upgrade its facilities for the sole benefit and/or convenience of a consumer, the consumer shall pay the estimated cost of the relocation/upgrade prior to the start of the project.

V. RESIDENTIAL SUBDIVISIONS, COMMERCIAL, INDUSTRIAL DEVELOPMENTS

DEFINITION: a residential subdivision is defined as a parcel of land within the Cooperative's service area, meeting the criteria for subdivisions as defined in the New Mexico Statutes Annotated, 1978, Section 47-6-2, New Mexico Subdivision Act and which has the approval of the governing County Commission on or after July 1, 1993. Commercial and industrial developments are apartments, condominiums, office buildings, retail developments, manufacturing facilities and all other facilities developed for providing service or a product to the general public.

APPLICABILITY: applicable to any individual, corporation or other identifiable organization ("Developer") engaged in the development, improvement or the construction of residential subdivisions or commercial and industrial developments where the required transformer capacity for any portion of the line extension is 225 kva or less. Line extensions requiring capacities above 225 kva require a separate written contract agreement subject to the New Mexico Public Regulation Commission rules and regulations.

CONSTRUCTION COST: The developer will be required to pay the total cost of the basic electric system required to serve the subdivision or land development. This basic system shall consist of all parts of the electric system - except for transformers, service

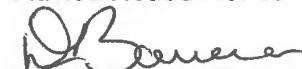
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drops, and meters, which will be provided and owned by the Cooperative, as needed, under the applicable extension policy.

REQUIREMENTS:

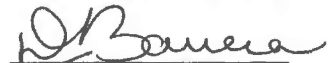
- A. In order to qualify for said service, the developer must furnish to the Cooperative a copy of the plat map of such subdivision development which has been approved by the county, township, or other authoritative body having jurisdiction over such subdivision or development.
- B. Approved Easements and Rights-of-Ways for lines for the complete build-out of the subdivision shall be provided. Easements and Rights-of-Way for locating special equipment away from Rights-of-Way and hazardous locations may also be required.
- C. All terrain where underground cable and equipment is to be installed shall be within six inches of final grade prior to staking. Certification of established grades by a registered professional engineer or licensed land surveyor shall be required by SEC for the entire length and width of the proposed service route prior to construction.
- D. Underground facilities required by consumer or required by local, state regulations and/or SEC in subdivision and mobile home parks with lots of one acre or less, recreational parks, airports, and other areas where overhead lines are unacceptable, the following provisions will apply:
 - The developer shall be responsible for and provide accurately located survey markers and offset stakes to facilitate SEC's staking of electrical facility locations. If mutually agreeable and at no charge to SEC, the developer's surveyor may be used to stake the electric facilities when such action will help expedite the work. In that case, the developer's surveyor will be supplied working plans and close oversight by SEC personnel.
 - The developer shall supply all necessary trenching, conduit, select backfill where requested, back filling, compaction, and concrete work, paving and re-paving, to SEC's specifications and

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applicable codes pursuant to the installation of the electrical equipment and lines. This will be accomplished in conjunction with close oversight and inspection by SEC personnel. The developer shall obtain all permits required for construction and trenching in public Easements or Rights-of-Way. All necessary occupancy permits shall be provided to SEC before permanent service is connected.

- Any costs resulting from damages to SEC facilities caused by contractors and/or crews working for the developer, including changes in grade or dig-ins, shall be paid for by the developer. When excavating around SEC underground facilities, hand digging shall be utilized in accordance with New Mexico One-Call. Once installed, any relocation of SEC facilities will be at the expense of the developer

VI. CONSUMER BUILT LINE EXTENSIONS

DEFINITION: For an applicant who desires to construct electrical service extensions the opportunity to build or have contracted to build electrical service extensions. The Rural Cooperative Utility ("RUS") and National Rural Utilities Cooperative Finance Corporation ("CFC") hold mortgages on the Cooperative. These documents state that specific conditions must be met and maintained at all times.

REQUIREMENTS:

The classification and the following requirements apply to consumer-built line extensions:

- A. Consumer(s) interested in pursuing this option must execute a contract that will establish the detailed terms and conditions for a specific project.
- B. Such system must be designed at the consumer's expense.
- C. The Cooperative will specify all materials and equipment to be used in the electrical system including, but not limited to: wire, cable, conduit, poles, fixtures, switchgear, relays, capacitors, insulators and metering

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transformers. The consumer shall be free to acquire said materials from approved manufacturers that meet the specifications with current RUS material specification and the National Electric Codes and Electrical Safety Codes, as verified by the Cooperative and the Cooperative Engineers.

- D. The consumer will hire only those contractors who are properly and currently qualified and licensed, in accordance with State and local law and regulation, to construct electrical distribution systems. The contractor will meet all the regulations and licensing standards set by the State of New Mexico Regulation and Licensing Department, including, but not limited to, Rules 14.6.6.9.4(h) NMAC and 14.6.6.10 NMAC, EL-1 and EE98 certification by the State of New Mexico. The Cooperative reserves the right to disapprove of any contractor selected by the consumer on the grounds that the contractor is not properly qualified or otherwise able to construct the line extension in accordance with the Cooperative's construction standards.
- E. Construction practices and equipment must be in compliance with Cooperative construction standards as verified by the Cooperative
- F. Consumer shall provide to the Cooperative Easements and Rights-of-Way duly executed (including by both husband and wife, if applicable) and acknowledged and free from all liens and encumbrances in a Cooperative approved form which reflect the "as-built" configuration and location of the electric system. The consumer shall pay the Cooperative for its costs incurred to verify the Easement and Rights-of-Way.
- G. The Cooperative will select a Construction Inspector who will visit the construction site. The Construction Inspector shall have the authority to accept, or reject, the work and materials of the consumer or contractor and shall certify to the cooperative such acceptance or rejection at the time of inspection. The function of the Construction Inspector shall be to verify compliance with design, materials, equipment and installation specifications of the Cooperative, RUS and the specified codes in this rule. Consumer must pay Cooperative's design and inspection costs before the Cooperative's services are rendered.

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- H. The Cooperative has no obligation to purchase an electrical system which is not accepted by the Cooperative's Construction Inspector. In addition, the Cooperative will not provide electric service to a system which is not accepted by the Cooperative's Construction Inspector.

If the Cooperative determines the extension was built in accordance with Cooperative's design, material, and specifications and RUS construction and applicable code standards, with proper Easements and Rights-of-Way assignable to Cooperative, and is free of all liens and encumbrances, then Cooperative will buy the system for \$1.00.

A. AREA LIGHTING

DEFINITION – AREA lighting service will be available in the SEC's service area under the terms and conditions of the applicable tariff schedule. If 120/240-volt overhead service is readily available within 125 feet, SEC will install a standard fixture on an existing wood pole or new 30-foot wood pole located as mutually agreed to by SEC and the customer. If the 120/240-volt overhead service is not readily available within 125 feet, the cost of any additional facilities will be borne by the customer, including the total cost of all underground associated facilities if the installation is served from an underground system. All requests for services from an underground system must be negotiated separately with SEC, as this lighting service is not available in all underground situations. SEC retains the right to remove an aerial light if it is damaged or vandalized repeatedly.

- A. CONTRACT TERM: The Contract term will be in accordance with the Agreement for Area Lighting Service filed under the NMPRC.
- B. MINIMUM BILL: The minimum bill shall be the customer charge in accordance with the applicable rate schedule for each service.
- C. CONSTRUCTION COST: The applicant shall have the option to pay for the total cost of the installation in accordance with SEC's Line Extension Policy or for sixty continuous months of lighting service provided by SEC from the date the agreement is executed.

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