

HENRY COUNTY REMC

POLICY MANUAL

DISTRIBUTION SYSTEM EXTENSION AID

POLICY 303

OBJECTIVE

- A. To enable distribution line extensions requested by consumer/contractors be made without causing undue financial risk to the members of Henry County REMC and to reduce cross-subsidization among members.
- B. To establish a fair and equitable application of construction-in-aid.

POLICY

- A. This policy applies to any single-phase new service.
- B. Henry County REMC will extend up to \$4,000 of new primary and secondary line to a new permanent service. Transformers of standard size and voltage shall not be included in work order estimates provided to the applicant. Any additional cost in excess of \$4,000 will be paid by the member prior to starting construction.
- C. Member must provide any required easements prior to construction being scheduled (see Policy 301). Additional paperwork including but not limited to a new service application, load schedule, line extension agreement, or construction checklist will be required at the discretion of the REMC's engineering department as each situation warrants.
- D. REMC reserves the right to select the appropriate size poles, lines, transformers, etc. to serve the needs of the membership and to meet applicable standards, laws, codes and regulations.
- E. The estimate agreed upon by Henry County REMC and the applicant will reflect the amount of Contribution in Aide of Construction that is required to be paid in advance of scheduling the work, minus any applicable credits. While Henry County REMC will track and report actual costs of a project during and after construction, any differences between the estimated and actual costs will not be collected by Henry County REMC except as otherwise required by this Policy 303.

Additionally, any differences between the estimated and actual costs will not be refunded to the applicant by Henry County REMC except as otherwise required by this Policy 303.

- F. If the member changes the design of the project the cost of the project will be estimated again and the member will owe the difference. If the change results in a lower project cost, REMC will refund the difference. The new estimates will include the cost of any work already completed, as well as any costs to revise the work and redo or change any work that has been completed.
- G. If the REMC's design must be changed due to an oversight on the part of the REMC, the member will not have to pay the extra cost.
- H. If a member requests that a service be rebuilt or upgraded for any reason, REMC will consider if it can extend a credit toward the cost of the change. The following factors are among those to be considered:
 - 1. Available increases in reliability as a result of the project.
 - 2. Available decreases in cost as a result of a project, such as through avoidance of recurring tree trimming costs.
 - 3. Solutions to access or property rights issues as a result of the project.
 - 4. Increase in the safe operation of the distribution facilities as a result of the project.

The determination of the credit will be at the sole discretion of the REMC. Convenience, aesthetics, combining services to avoid distribution charges, or change of property ownership are not viable reasons to award a credit.

- I. If a line extension is to serve a structure or facility that the REMC deems non-permanent or transient in nature, the full cost of the extension, including line built under Paragraph A, must be paid prior to starting construction.
- J. The extension credit of up to \$4,000 in Paragraph C will only be awarded to the first permanent service extended to a parcel of land. Subsequent services extended to any parcel of land that is already served by the REMC will require 100% of the costs, including additional transformers, be paid for by the applicant.
- K. A single-phase service will be considered permanent for the purposes of this policy if it is the permanent mailing address for a residence, business, or agricultural facility that will maintain service from the REMC all twelve months of the year for a minimum of ten years. Attributes of a permanent service also include a structure's foundation, septic/sewer facilities, and water/well infrastructure. Grain bins will be considered a permanent service for the purposes of this policy, as well.

- L. If the extension credit of up to \$4,000 in Paragraph C is awarded to a service that does not maintain continuous service for all twelve months of the year for a minimum of ten years then the REMC can, at its sole discretion, invoice the applicant to recover the same amount that was awarded during the line extension process.
- M. The extension credit of up to \$4,000 in Paragraph C will not be awarded to an application for new service to a parcel that had, within the last ten years, a functional permanent service from Henry County REMC that was removed at the request of a property owner or account holder or if that service was removed at the discretion of HCREMC due to inactivity.
- N. The applicant and landowner are responsible for the proper locating and marking of all privately-owned underground facilities within the area of a project. This includes but is not limited to privately-owned septic tanks and fields, well and water lines, tiles, gas and propane lines, satellite TV cable, and invisible dog fences. The REMC will not reimburse the applicant or landowner for damages to these facilities when they are not properly located and marked prior to construction.
- O. The REMC must use heavy equipment for construction projects and remedial landscaping will not be provided by the REMC when the new construction, upgrade or conversion project is being performed at the request of the applicant or landowner. The REMC may, at their discretion, provide remedial landscaping when the project is performed at the request of the REMC.
- P. Service entrance equipment will be constructed to meet the standards of the *National Electrical Code* and allow Henry County REMC to meet the standards of the *National Electrical Safety Code*. Construction of the service entrance equipment, and obtaining all required inspections, will be the responsibility of the applicant or landowner.
- Q. If the REMC arrives to a property to provide construction services but has to reschedule and return at a later date at the fault of the landowner or applicant (i.e. improper locating or marking, incorrect installation of service entrance equipment, electrician not showing up as scheduled, etc.) then a trip charge of \$250 may be invoiced to the applicant.

RESPONSIBILITY

- A. It shall be the responsibility of the Chief Operating Officer to administer the policy.
- B. The Chief Executive Officer is responsible for enforcement.

Reviewed, Renumbered and Approved Mar. 11, 2009

Revised May 13, 2009

Revised Dec. 10, 2010

Revised June 21, 2017

Approved February 24, 2023