A RESOLUTION TO REVISE DISTRICT ELECTRIC LINE EXTENSION POLICY AND THE FACILITY MODIFICATION POLICY

FACTUAL BACKGROUND AND REASONS FOR ACTION

As part of the District’s effort to improve business processes, gain efficiencies and control costs, it is recommended by staff that the District revise the Electric Line Extension and Facility Modification Policies. The Facility Modification Policy applies to all utilities (electric, fiber, water and wastewater). In addition, as a result of these revisions, some additional fees should be added to the District’s Fees and Charges adopted by Resolution No. 07-13163. Resolution No. 07-13163 delegated the General Manager the authority to make revisions to the Fees and Charges after communication to the Board and taking other steps.

These proposed changes to the policies are part of the continuing strategic effort that began in September 2007. District’s staff performed an internal analysis, audit and process review for customer service work including Electric Line Extensions and Facility Modifications.

As part of this effort, District staff identified inconsistencies with policies and related business processes. The proposed changes improve process documentation and identify policy changes to better reflect the needs of the District to serve our customers, improve efficiencies and manage costs.

The proposed revisions address general provisions, terms and definitions, estimating provisions, customer job billings and cost allocations of the services provided to customers of the District. The revised policies will assist customers and staff in managing requests for electric line extensions and requests to modify, relocate or convert water, wastewater, electrical and telecommunications utility services. Additionally, it will offer our customers and staff enhanced ease-of-use and will provide for timely billing and cost recovery.

The proposed Electric Line Extension Policy is attached as Exhibit A. The proposed Facility Modification Policy is attached as Exhibit B. Attached as Exhibit C is
a description of changes to be made by the General Manager to the Fees and Charges schedule.

As proposed, the policies include the following significant changes:

- An Engineering Fee will apply and be collected from the customer at the time of application for engineering and estimating service. The fee will be non-refundable and will apply to material revisions in plans. The revision to Fees and Charges section includes this new Engineering Fee.

- Customers will pay the District’s estimated cost for Electric Line Extensions and Facility Modifications. Payment will be made in full prior to the District commencing any work.

- The District will not bill the actual costs for projects as calculated after completion, including any unforeseen cost overruns for work performed by the District.

District staff recommends that it is in the best interests of the District to adopt the above policy changes to better meet customer needs and provide internal efficiencies.

The General Manager of the District concurs with staff’s recommendations. The General Manager will take steps necessary to implement the changes to the Fees and Charges.

ACTION

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO.1 OF CHELAN COUNTY, WASHINGTON, as follows:

Section 1. The District’s Electric Line Extension and Facility Modification policies are hereby amended as set forth in Exhibits A and B effective September 1, 2008.

Section 2. The Electrical Line Extension Policy and Facilities Modification Policy set forth in Exhibit A and B attached are determined by the Commission to be fair, reasonable, necessary and non-discriminatory and the same is hereby approved to become effective immediately.

Section 3. This resolution supersedes and replaces all prior resolutions related to these policies.

Section 4. The adoption of these changes to the District’s policies is exempt from the State Environmental Policy Act (SEPA).
Dated this 11th day of August, 2008.

ATTEST:

President

Vice President

Secretary

Commissioner

Commissioner

Seal
Electric Line Extension Policy

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ELECTRIC LINE EXTENSION POLICY

1. LINE EXTENSION POLICY AND GENERAL PROVISIONS

A Line Extension is defined as an increase in the size and/or length of the District's existing electric transmission, distribution, and substation facilities required to serve a customer's new load within the District's service area. Line Extensions are necessary to provide electric service to new or existing homes, farms, businesses and industries within the District's established service area.

All Line Extensions are subject to engineering and financial feasibility analysis by the District. The District will evaluate requests for Line Extensions consistent with business-like practices to provide efficient service to the customer. The amount to be paid by a customer is subject to change as determined by the District's financial requirements and approved revisions to this Line Extension Policy and the District's Fees and Charges schedule. Upon completion of construction, the District will be sole owner of all Line Extension facilities. A new Line Extension may require payment of a portion of the costs associated with a previous Line Extension Latecomer Fees, as outlined in Section 12 of this Schedule. A new Line Extension may also require participation in annual permit fees as outlined in Section 10.

A Line Extension shall generally commence at the terminating point or a tap point on the District's present Electric Service Facilities. Extensions may also include improvements or relocation of existing transmission, distribution and substation facilities to meet a customer's new load requirement or request. The District will perform a study to determine the required improvements necessary to meet the needs of new line extension. The customer shall pay all estimated costs associated with the construction of any new Electric Service Facilities or existing modifications to Electric Service Facilities.

Where the city, county or state requires improvements within the right-of-way as a result of a proposed development and said right-of-way improvements require relocation of the District's Electric Service Facilities, the Applicant shall pay the estimated cost of relocating or converting these facilities. The District shall estimate the costs of the modifications as part of the estimated costs for the Line Extension.

All provisions of this Line Extension policy apply to all requests of Line Extensions.

2. DEFINITIONS

The following terms wherever used in this Line Extension Policy and in any Application for Electric Service Facilities shall have the following meanings and will be supplemented by the definitions in the District's Utility Service Regulations and the District's Design and Construction Standards:

Applicant
The person, partnership, firm, or corporation having filed an Application with the District for a Line Extension to cause the installation of Electric Service Facilities
to become part of the District’s electric system. The term shall also include the Applicant’s agents, employees, contractors, and subcontractors. Applicant may also be referenced as “customer” in this policy. For purposes of notice, the Applicant’s address shall be the one shown in the Application.

Application

The Application for permission to construct a Line Extension executed by the Applicant to this Line Extension Policy and the District’s Utility Service Regulations. The Application must be completed to the District’s satisfaction prior to review or other action by the District.

Contract Plans or Plans

All drawings or Plans and reproductions of drawings prepared by a Washington State Registered Professional Engineer made pertaining to the Work provided for in the Application for a Line Extension.

Construction Standards

District construction requirements which shall be followed during construction of the Line Extension. Construction Standards are available at the offices of the District.

Customer Service Staff

The District staff acting as the District’s authorized contact for the Applicant in the Line Extension process.

Design Standards

District design requirements which shall be followed during the preparation of the Plans and Specifications for the Line Extension. Design Standards are available at the offices of the District.

District

Public Utility District No. 1 of Chelan County, Washington.

District Contractor

Any person, firm, or corporation hired by the District to perform Work on behalf of the District such as, excavation, asphalt and concrete repair, electrical installations, landscaping, or other related Work.

Electric Service

The availability of electric Energy at a point of delivery for use by the Customer, irrespective of whether electric Energy is actually used as defined in the District’s Utility Service Regulations.

Electric Service Facilities

The lines, conduits, ducts, poles, wires, cables, fiber optic cable, premises gateway devices, crossarms, receivers, transmitters, instruments, machines, appliances, instrumentalities and all devices, real estate, easements, apparatus,
property, and routes used, operated, owned, or controlled by the District to facilitate the provision of electric services.

**Equipment**

The machinery, accessories, appurtenances, and manufactured articles to be furnished and/or installed for the Line Extension.

**Estimate**

The statement, performed by the District, of the approximate costs of a Line Extension, including labor, Materials, tools, transportation, services, administration, engineering, inspections, permitting, easements and other related costs.

**Fees and Charges**

Fees and Charges based on recovering costs by the District as set forth in the District's Fees and Charges schedule and revised as needed.

**Final Acceptance**

District's acceptance of the ownership of the Electric Service Facilities installed pursuant to this Line Extension Policy following the Applicant's completion of all requirements of this Electric Line Extension Policy to the District's satisfaction as determined by the District in its sole discretion.

**Latecomer Fees**

Fees paid by the current Applicant to reimburse the original Applicant for a portion of the costs associated with the original Line Extension construction.

**Line Extension**

An extension of the District's Electric Service Facilities required to serve an Applicant's property. A Line Extension may include new facilities or improvements to existing facilities including, but not limited to: substations, transmission lines, feeder lines, switches, vaults, cabinets, conduits, poles, and other Electric Service Facilities.

**Line Extension Checklist**

A document listing all obligations that must be fulfilled by the Applicant or Contractor prior to Final Acceptance of the Line Extension by the District.

**Materials**

The machinery, manufactured articles, materials of construction (fabricated or otherwise), and any other classes of material to be furnished and permanently incorporated into the Work.

**Or Equal**

Any manufactured article, method, or Work which, in the sole discretion of the District, is equally desirable or suitable for the purposes intended in these specifications and the Contract Plans as compared with similar articles.
specifically mentioned herein.

**Professional Engineer**

The consulting Washington State Registered Professional Engineer acting as agent for the Applicant in the design of the Contract Plans.

**Service Area**

The land area which the District is authorized to provide Electric Service.

**Specifications**

The prescribed directions, requirements, explanations, terms, and provisions pertaining to the various features of Work to be done or manner or method of performance for execution and completion of the Line Extension.

**Warranty Period**

One year following date of Final Acceptance.

**Work**

The Work necessary to complete the Line Extension including all Materials, labor, tools, equipment, construction equipment, where required and other necessities for the construction shown and called for in the Contract Plans, Design Standards and Construction Standards.

### 3. APPLICATION

#### A. Application Form

Application for a Line Extension shall be made by the Applicant or their authorized agent on the District's Line Extension or Service Application form as deemed appropriate by the District. Each Application shall be submitted to the District for approval with the payment for the Engineering Fee. The Application must be completed to the District's satisfaction prior to review or other action by the District. Upon approval, the Applicant may proceed with the Line Extension construction in accordance with the District's requirements.

#### B. Site Plan for Application

Each Application shall be accompanied by a site plan, drawn to scale, illustrating the properties to be served and the approximate location of the proposed Work. The District will review the proposal and the layout of the location of all electrical infrastructures needed to serve the area. The District will provide guidance which shall be used during preparation of Contract Plans and Specifications for the Line Extension. A site plan deemed incomplete by the District will not be accepted.

#### C. Ownership of Land

Applicant must also provide satisfactory proof of ownership or right to use land impacted by any Electric Service Facilities required for the requested Line Extension.
4. ENGINEERING FEES

A. Applicants requesting a Line Extension will be required to pay in advance a non-refundable Engineering Fee upon submittal of the Application. This Engineering Fee is specified in the District’s Fees and Charges schedule.

B. The Applicant’s Engineering Fee will be applied to the overall cost of the job.

C. Applicants who seek a material change in the design after the initial engineering Estimate and design is complete will be required to pay an additional Engineering Fee.

D. The Customer will be required to retain and pay for professional services where the project design requires additional or specialized services including, but not limited to, advanced civil engineering, surveying, geotechnical, environmental or other professional services.

5. LINE EXTENSION CONSTRUCTION OPTIONS

The following options and conditions apply to the construction of the following types of Line Extensions:

A. Single lot Line Extension and Short plats (4 lots or less)

For a single lot Residential Service, General Service, Frost Protection, Irrigation, Temporary Service, Miscellaneous Service, Primary Industrial (as defined in the District’s Electric Rate Schedules) Line Extension or a Line Extension for plat/subdivision of four (4) lots or less, the following requirements apply:

1. Except as provided herein, the customer has the option to provide the:
   - trench only
   - trench, install warning tape, conduit (electrical and fiber), vaults, bases, handholes, grounding and backfilling of trench on their own property.

   All Work must comply with District Construction and Design Standards. A licensed electrical contractor must install the grounding for the vaults. If a customer chooses to perform the above Work, they must do all the Work as outlined above. All Work must be inspected by a District inspector prior to backfilling the trench.

2. The customer may request the District do all the Work outlined in (A.1) above. After receipt of the full payment of the Estimate, the District will schedule the Work to be performed by the District based on availability of construction resources and the priorities of the District.

3. All Work on public right-of-way or Work to be completed which is not on the customer’s property must be completed by the District. All costs of such Work must be paid for by the customer as part of the Line Extension. All permitting and easements must be secured prior to the start of construction.
4. Vaults, bases and handholes shall be purchased from the District and paid for prior to receipt and shall be installed per District Design Standards to ensure compatibility and uniformity with the District’s electric system.

5. The District will provide and install all transformers, primary wire, connectors, cabinets and other electric apparatus as needed. These items will be included in the Estimate to be paid by the customer.

6. The customer will pay for all estimated Line Extension costs pursuant to Section 6 prior to the scheduling of District construction crews.

B. Other Line Extensions

Applicants requesting Residential Line Extensions with 5 lots or more, Mobile Home Courts, Recreational Campsite Developments, Commercial or Industrial properties (as defined in the District’s Electric Rate Schedules) must construct Line Extensions in accordance with the following:

1. The customer will provide the trench, backfill, install the warning tape, conduit (electrical and fiber), vaults, bases, grounding and handholes. All Work must comply with District Construction and Design Standards. A licensed electrical contractor must install the grounding as required. The customer shall do all Work or hire a qualified contractor to perform Work within the customer’s property. All Work must be inspected by a District on-site inspector prior to backfilling.

2. Vaults, bases and handholes shall be purchased from the District and paid for prior to receipt and installed per District Construction and Design Standards to ensure compatibility and uniformity with the District’s electric system.

3. All Work performed on property not owned by the customer, including on public right-of-way or private easements, will be completed by the District, unless the customer or developer has the specific permitting and authority to perform Work within the right or way or private property. Applicant must provide proof of appropriate rights or permits satisfactory to the District before commencing any Work.

4. The District will install all transformers, cabinets, connectors, primary wire and other electric apparatus as needed. These items will be included in the Estimate to be paid by the customer.

5. The customer will pay for all estimated Line Extension costs pursuant to Section 6 prior to the scheduling of District construction crews.

6. PAYMENT FOR LINE EXTENSION

The Applicant will be provided an Estimate by the District. This Estimate will be based on the Line Extension Construction Options listed in Section 5. The Estimate will include all usual charges associated with a Line Extension Estimate. This Estimate will also include estimated costs for a District inspector should the customer desire or be required to install their own trenching, vaults and conduit and grounding.
All Line Extension costs must be paid by the Applicant prior to the District scheduling construction crews and proceeding with any Work. Estimates provided to the customer are void after 60 days from the date of issue if full payment has not been received.

If Work is not completed within 180 days of the issue of the Estimate to the customer, the District will issue a revised Estimate. The customer will pay the difference between the original Estimate and the revised Estimate. If this amount is not paid, the District may consider the Line Extension to be abandoned and may refund the original payment less any engineering fees, Materials used and any costs incurred by the District.

The Applicant may either:

A. Pay the entire estimated amount as provided in the Estimate in advance.

B. Pay one-half of the estimated amount in advance of Materials being issued. The balance of the Estimate shall be paid prior to the District scheduling construction crews and beginning construction.

Payment of transformer and meter fees must be paid in full prior to the District energizing a new service.

The Applicant will be required to make payment arrangements for any ongoing permit fees or reoccurring fees prior to construction by the District.

7. TYPE OF CONSTRUCTION

Overhead or underground construction will be installed as determined appropriate by the District. The District shall determine the most suitable type of construction in its sole discretion. Generally, all Line Extensions in subdivisions or platted areas shall be underground as may be required by city and county ordinances.

The construction phase of a Line Extension includes, but is not necessarily limited to, the following items:

A. Preconstruction conference

B. Construction of the Line Extension

C. Inspection

D. Final Acceptance and testing

E. One Year Warranty for customer installed Electric Service Facilities

8. CONSTRUCTION REQUIREMENTS

A. Prior to the commencement of any Work or construction, all easements and/or permits for the Electric Service Facilities must be executed and on file with the District. The easements and/or permits must be complete and satisfactory as determined by the District.

B. As the District will be the sole owner of all Line Extension facilities and desires to provide for the future reliability, operation and maintenance of said facilities, the following conditions will apply should the customer desire to install the underground primary conduit, vaults and grounding for the Line
1. The construction will be completely on private property or on an established right-of-way with the permanent right to locate and maintain the facilities. The District will not accept any Line Extension located on government agency lands with revocable permits.

2. Where the city, county or state requires improvements within the right-of-way as a result of a proposed development and said right-of-way improvements require relocation of the District's Electric Service Facilities, the Applicant shall pay the estimated cost of relocating or converting these facilities. The District shall estimate the costs as part of the line extension.

3. All conduits (electrical and fiber), sweeps, and the installation thereof must meet District Specifications as outlined in the District's Construction and Design Standards and must follow the design prepared by the District's Customer Service Staff or a Professional Engineer if approved by the District. The design review by the District shall not constitute assurance that the District will accept the Line Extension or Work. Any costs to repair or modify the Electric Service Facilities will be the responsibility of the Customer.

4. The District will provide an on-site inspector at times during construction and before the trench is backfilled to determine if the conduits, sweeps, vaults and bases, and grounding installed by a licensed electrical contractor are installed according to the District's Specifications. The Applicant must provide advance notice to the District prior to when an inspector will be required. The District will schedule an inspector as District resources become available.

5. The presence of the on-site inspector or other District representative does not constitute assurance that the District will accept the Line Extension or the Work as satisfactory. Any costs for repair or modification of the conduit installed by the customer will be borne by the customer or customer's authorized agent.

6. All other matters connected with providing Electric Service shall be in compliance with the District's Utility Service Regulations, District Design and Construction Standards.

7. The customer or contractor shall notify the District in advance to request an inspection for Final Acceptance. The District will schedule an inspector as District resources become available.

8. If the Line Extension has been installed according to the approved Plans and Specifications, inspected, backfilled, compacted, and after all of the Electric Line Extension Policy conditions are fully satisfied, the District will install the remaining electric equipment such as cables, terminations and transformers and other equipment required to energize the Line Extension. District crews will energize the Line Extension only after all Estimates and Fees and Charges have been paid and a Line Extension Checklist has been completed to the District's satisfaction.

9. A one-year Warranty Period will begin after the Line Extension has
been energized by District crews. The Final Acceptance of the contract Work shall not prevent the District from making claim against the Applicant for any defective Work if same is discovered within the Warranty Period.

9. CUSTOMER RESPONSIBILITIES

A. All Fees and the Estimate will be paid as outlined in Section 6.

B. Work completed by the customer and not inspected by the District is subject to being exposed and repaired, if necessary, to meet District Design and Construction Standards at the customer's expense.

C. The customer shall pay all ongoing permit or easement fees. The payment of ongoing permit fees may require a recorded agreement, such as a participation contract, affecting all properties connected to the extension as set forth in Section 10.

D. The customer will be responsible for all costs incurred to obtain easements or permits satisfactory to the District.

E. The customer shall grant and execute all necessary easements across land owned by the customer at no cost to the District.

F. The customer shall supply to the District all pertinent ownership, utility dedication and signing party information relevant to the necessary easements and permits to the District as deemed satisfactory by the District in its sole discretion.

G. Street lighting installed by the customer shall be inspected by and approved by the city or Washington State Department of Labor and Industries electrical inspector prior to hookup. All street lighting installed by a customer and not being paid for by the city, county or state must be metered.

H. If the customer provides the trenching, vault installation and backfilling, the customer will be responsible for maintenance and repair of the trench and vault settling for one (1) year after completion of the project.

I. The customer may supply the District with information regarding any costs that were incurred by the customer for trenching, conduit (electrical and fiber), vault installation or other costs that a customer paid to someone other than the District for the installation of the Electric Service Facilities. The District will have the right to determine whether these supplied costs are fair and reasonable. If the customer requests, these costs may be included in calculating Latecomer Fees per Section 12.

10. EASEMENTS AND PERMITS

When an extension of the District's Electric Service Facilities is to be installed on state, county or city right-of-way, federal Lands or by permits from a governmental agency, the District shall physically construct such facilities.

The District will attempt to secure the appropriate easements and/or permits from governmental entities. When an extension of District Electric Service Facilities is to be
constructed on property or right-of-way not under the jurisdiction of a governmental agency with which the District has an existing franchise or permit, the District will attempt to secure necessary easements and will initially process the easements. The customer shall be responsible to pay all costs to obtain right-of-way easements prior to construction. All easements and permits shall name the District as grantee or permittee and shall include all Electric Service Facilities (electric and fiber). In the event the District personnel are unable to secure right-of-way easements and/or permits, the customer may assist with negotiating said easements or permits. All non-standard or non-typical costs (as determined by the District) associated with the District's obtaining easements or permits in excess of those included in the Estimate will be paid by the customer.

The District is under no obligation to commence any legal action to secure easements or rights-of-way.

Any and all costs associated with obtaining easements and/or permits or ongoing permit fees will be paid by the customer. The payment of ongoing easement or permit fees may require a recorded agreement, such as a participation contract, on all properties connected to the Line Extension. As an example, if a Line Extension crosses Forest Service land, Department of Natural Resources land or railroad property, all properties connected to the Line Extension will share in the annual cost of the easement or permit.

11. DISTRICT OWNERSHIP

The District will be the sole owner of all the Electric Service Facilities upon completion and Final Acceptance by the District.

12. LATECOMER FEE

Customers who request to connect to an existing Line Extension may be required to share the costs associated with the original construction as set forth herein.

A. The District will establish the cost per foot of the original Line Extension construction upon completion of the original construction project.

B. If an additional new service connects to this extension, the new service customer shall pay to the District the Latecomer Fee for the original Line Extension based on the footage of original construction utilized by the new customer’s Line Extension.

C. The Latecomer Fee will be refunded to the customer who paid for the original construction. This Latecomer Fee repayment program will be in force for ten (10) years after Final Acceptance of original construction.

D. No Latecomer Fee refund will be made to a customer who has paid for or shared in the cost of the installation of the Line Extension if they have sold their property whether by deed, contract or by any other method of sale. If the customer has sold a portion of the original property, the Latecomer Fee will be proportional to property still owned by the original customer. The purchaser of property from the original customer is not eligible for Latecomer Fees.

E. When the customer installs, or has installed by someone other than the
District, the trench, conduit (electrical and fiber), vaults, bases and any other electric facilities that were not paid to the District, the customer will need to supply the District with receipts showing actual costs if the customer requests the District to collect Latecomer Fees for these costs. The District will have the right to determine that these supplied costs are fair and reasonable.

F. Primary industrial customers, subdivision developers or owners, mobile home court developers or owners, and recreational campsite developers or owners are not eligible for Latecomer Fees.

13. SECONDARY SERVICE

Secondary service begins at the supply transformer and terminates at the customer's service entrance equipment or meter base.

A. Customer Responsibilities

1. The customer shall provide the District with accurate plot and building Plans, including load data.

2. The customer shall provide all trenching and backfilling on the customer's private property for secondary underground service and supply and install conduit (electrical and fiber) and wire as directed by the District.

3. The customer shall provide access, legal and physical, as required by the District for installation of service and its future maintenance for overhead or underground service and trim trees as required by the District on the customer's private property. In the event the District is required to trim trees for installation, access or maintenance, the District will charge the customer for the cost of that work.

4. If underground service facilities are installed, the customer shall, per District Design and Construction Standards, provide the service trench, conduit (3 inch for power and 1 inch, orange, for fiber), warning tape and backfill. A Residential Service customer has the option to:

   (1) provide District approved service wire and have it installed by a licensed electrical contractor or,

   (2) have the District supply and install the service wire, up to 150 feet. For overhead and underground service, the measurement shall be from the transformer location.

   Note: All other customer classes will supply and install the secondary service wire per Design and Construction Standards. The District will set the meter and connect the service once the customer's Electric Service Facilities are approved by an authorized electrical inspector pursuant to state and local laws.

5. If overhead facilities are installed, the customer will have the service inspected by the Washington State Department of Labor and Industries electrical inspector as may be required before the District will set the meter and run wire to the customer's overhead mast.
B. District Responsibilities

1. The District shall determine the methods of service, i.e. availability, route and/or location, overhead or underground voltage and phase.

2. The District shall be responsible for all construction on public rights-of-way, District property and common easements serving more than one property.

14. REVISION

This policy cancels and supersedes any previous policy related to Line Extensions. This policy may be revised, supplemented or otherwise modified by action of the District's Board of Commissioners.
FACILITY MODIFICATION POLICY

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FACILITY MODIFICATION POLICY

1. FACILITY MODIFICATION POLICY AND GENERAL PROVISIONS

This Facility Modification Policy applies to requests from public agencies and property owners to make modifications and relocations to Electric Service Facilities, Water and Wastewater Facilities, and Telecommunications Infrastructure, and the undergrounding of Electric Service Facilities not associated with adding new load or demand. These requests may be in conjunction with state highway, county road or city street improvement projects or as part of an improvement requested by property owners. This policy also establishes the process to be followed when the District considers converting overhead Electric Service Facilities to underground and provides for the payment of costs associated with that Work.

All facilities installed or changed pursuant to this policy are subject to the National Electrical Code standards, other applicable standards, District Design and Construction Standards, as well as the determination by the District, in its sole discretion, as to the suitability of Electric Service Facilities being placed underground.

This policy also may be subject to the franchising authority of municipalities for public rights-of-way in which the District operates. Individual franchises and/or other agreements will be reviewed in conjunction with this policy. In the event of conflict, the municipality’s franchise or other agreement, as may be amended, will control.

The District reserves the right to initiate and determine if relocations or modifications of its facilities, or conversion from overhead to underground of its Electric Service Facilities is in the District’s best interests and is cost-effective. If the District deems the Work to be feasible, the construction schedule will be based on the availability of District labor resources.

2. DEFINITIONS

The following terms wherever used in the District’s Facility Modification Policy and in any Application for Facility Modification shall have the following meanings and will be supplemented by the definitions in the District’s Utility Service Regulations and the District’s Design and Construction Standards:

Applicant

The person, partnership, firm, or corporation having filed an Application with the District for a Facility Modification. The term shall also include the Applicant’s agents, employees, contractors, and subcontractors. For purposes of notice, the Applicant address shall be the one shown in the Application. Applicant may also be referenced as “customer” or “requesting party” in this Policy.

Application

The Application for permission for a Facility Modification executed by the
Applicant to this Facility Modification Policy and the District's Utility Service Regulations. The Application must be completed to the District's satisfaction prior to review or other action by the District.

Contract Plans or Plans

All drawings or Plans and reproductions of drawings prepared by a Washington State Registered Professional Engineer made pertaining to the Work provided for in the Application or to any structure connected therewith.

Construction Standards

District construction requirements which shall be followed during construction of Facilities Modification. Construction Standards are available at the offices of the District.

Customer Service Staff

The District staff acting as the District's authorized contact for the Applicant in the Facilities Modification process.

Design Standards

District design requirements which shall be followed during the preparation of the plans and specifications for the Facility Modification. Design Standards are available at the offices of the District.

District

Public Utility District No. 1 of Chelan County, Washington

District Contractor

Any person, firm, or corporation hired by the District to perform Work on behalf of the District such as, excavation, asphalt and concrete repair, electrical installations, landscaping, or other related Work.

District Service Facilities

The District's Electric Facilities, Water and Wastewater Facilities and Telecommunications Infrastructure.

Electric Service Facilities

Electric Service Facilities for the purpose of this Policy include only those electric facilities with a voltage of less than 34 kV and Telecommunication Infrastructure owned, operated and maintained by the District.

Electric Undergrounding

Electric Undergrounding shall be defined as set forth in the District's Utility Service Regulations. Foundations or supports for overhead facilities and pad-mounted termination cabinets, transformers, switches and metering equipment will not be subject to undergrounding. Any Electric Service Facilities of 34kV or larger will not be considered for undergrounding.

Estimate
The statement, performed by the District, of the approximate costs of a Facility Modification, including labor, Materials, tools, transportation, services, administration, engineering, inspections, permitting, easements and other related costs.

**Facility Modification**

For the purposes of this policy, Facility Modifications include any modifications or relocations of District Service Facilities including altering the depth, height or physical location of any overhead or underground District Service Facilities not associated with adding new load or demand.

**Fees and Charges**

Fees and Charges based on recovering costs by the District as set forth in the District's Fees and Charges schedule and revised as needed.

**Final Acceptance**

District's acceptance of the ownership of the Facility Modification installed pursuant to this Facility Modification Policy following the Applicant's completion of all requirements of this Facility Modification Policy to the District's satisfaction as determined by the District in its sole discretion.

**Materials**

The machinery, manufactured articles, materials of construction (fabricated or otherwise), and any other classes of material to be furnished and permanently incorporated into the Work.

**Telecommunications Infrastructure**

District-owned telecommunications facilities, including but not limited to cable, wires, Premises Gateway Devices, which are part of and serve the District's Electric Service Facilities and which are located on the Customer's Premises for use by the District and/or the Customer, irrespective of whether the Customer utilizes Third-Party Service Providers.

**Water and Wastewater Facilities**

Water Facilities include those owned, operated and maintained by the District for the distribution of potable water. Wastewater Facilities include those owned, operated and maintained by the District in the collection and treatment of wastewater.

**Work**

The Work necessary to complete the Facility Modification including all Materials, labor, tools, equipment, construction equipment, where required and other necessities for the construction shown and called for in the Contract Plans or Specifications.

### 3. APPLICATION

**A. Application Form**
Application for Facility Modification shall be made by the Applicant or their authorized agent on the District's Facility Modification or Service Application form as deemed appropriate by the District. Each Application shall be submitted to the District for approval with the payment for the Engineering Fee. The Application must be completed to the District's satisfaction prior to review or other action by the District. Upon approval, the Applicant may proceed with the Facility Modification in accordance with the District's requirements.

B. Site Plan for Application

Each Application shall be accompanied by a site plan, drawn to scale, illustrating the affected properties, and the proposal necessitating the Facility Modification. The District will review the proposal and changes required to District Service Facilities. A site plan deemed incomplete by the District will not be accepted.

C. Ownership of Land

Applicant must also provide satisfactory proof of ownership or right to use land impacted by any Facility Modification prior to the District taking any action.

4. ENGINEERING FEES

A. Applicants requesting a Facility Modification will be required to pay in advance a non-refundable Engineering Fee upon submittal of the Application. This Engineering Fee is specified in the District's Fees and Charges schedule.

B. The Applicant's Engineering Fee will be applied to the overall cost of the job.

C. Applicants who seek a material change in the design after the initial engineering Estimate and design is complete will be required to pay an additional Engineering Fee.

D. The Customer will be required to retain and pay for professional services where the project design requires additional or specialized services including, but not limited to, advanced civil engineering, surveying, geotechnical, environmental or other professional services.

5. MODIFICATIONS AND RELOCATIONS OF EXISTING DISTRICT SERVICE FACILITIES

Except as may be required in an applicable franchise, all estimated costs associated with Facility Modifications will be the responsibility of the Applicant and shall be paid prior to any Work being performed. District Customer Service Staff will provide an Estimate to the Applicant for any Work to be performed by the District. The amount of the Estimate shall be paid to the District prior to construction.

Any Facility Modifications of District Service Facilities will be subject to the Applicant providing the District the appropriate permits, easements or rights-of-way as defined in Section 8 of this Policy as deemed satisfactory by the District.

Construction options for Facility Modifications shall be in accordance with Section 7 of this Policy.
The Estimate for the Facility Modification must be paid by the Applicant prior to the District scheduling construction crews and proceeding with any Work. An Estimate provided to the requesting party is void after 60 days from the date of issue if full payment has not been received by Applicant.

6. UNDERGROUND CONVERSION OF ELECTRIC SERVICE FACILITIES AND TELECOMMUNICATIONS INFRASTRUCTURE

A. Evaluation of Request and Cost Allocation

Depending on the type of undergrounding project and the nature of the request made, costs will be allocated as follows:

1. If relocation or rebuilding of overhead Electric Service Facilities is required under a franchise agreement and a party requests the overhead line be put underground, the District will perform an Estimate for overhead and underground construction. If the underground costs exceed overhead construction costs, then the Electric Service Facilities will be installed overhead at the District’s expense. If the District receives full payment of the difference in costs between overhead and underground construction from municipality, grants, or other financing arranged by the property owners benefiting from undergrounding of the Electric Service Facilities and Telecommunications Infrastructure, then those District Service Facilities will be installed underground. Such Estimate must be paid in full in advance to the District. All other costs and coordination associated with converting other public and private utilities that are not owned and operated by the District, but are located on the District’s poles, such as cable TV and telephone, shall be the sole responsibility of the Applicant.

2. If the District is requested to convert or construct underground Electric Service Facilities for aesthetic reasons or land improvements and the undergrounding Work is not required under franchise or other agreements, the property owner shall be responsible for 100 percent of the estimated construction costs. The costs to be paid to the District includes, but not limited to, engineering, permitting, right of way acquisition, subcontracting, materials, labor, tools, equipment, coordination costs, the costs of the District’s inspector and other related costs. An Estimate will be provided to the Applicant.

3. The Estimate for undergrounding will be paid in advance to the District by the requesting party prior to construction. The payment will be the amount provided in an Estimate provided by the District.

B. Underground Conversion Procedures

1. Upon receipt of a request to consider undergrounding Electric Service Facilities, District Customer Service Staff will prepare a preliminary estimate comparing overhead and underground construction costs. If the District determines undergrounding to be feasible and in the District’s best interest, the District will provide an Estimate for placing overhead Electric Service Facilities underground. All Estimates are void after sixty (60)
calendar days unless full payment is received by the District.

2. After preparing the Estimate, the District will provide notice to the governmental agencies, municipalities, and/or private property owners affected by the proposed underground Electric Service Facility conversion requested. The notice will provide the estimated project costs and seek affirmative written response from authorized representatives and/or owners to determine if they are willing to participate in funding the cost difference to underground. The District will require proof satisfactory to the District that the named representative has authority to bind all affected land owners before proceeding. A single point of contact authorized to provide information to and receive information from the District shall be named by requesting parties on specific conversion requests and in the affirmative responses to District notices. All correspondence from the District on the request will be to and from the single point of contact.

3. Payment made to the District for construction shall include all estimated costs of the project as determined by the District including but not limited to; engineering, permitting, right of way acquisition, subcontracting, materials, labor, tools, equipment, coordination costs, the costs of the District's inspector and other related costs. The full amount of the Estimate must be paid in advance.

7. CONSTRUCTION OPTIONS

A. Work within Rights-of-Way or off the Requesting Party's Property

All Facility Modification Work for Electric Service Facilities and Telecommunication Infrastructure on public right-of-way or Work not located on the requesting party's property must be completed by the District or the District's contractor.

All Water and Wastewater Facilities Work shall be performed by the District or the District's contractor.

B. Work on Requesting Party's Property

All Water and Wastewater Facilities Work shall be performed by the District or the District's contractor.

Facility Modification Work on the requesting party's property may be performed by the District if requested by the property owners as set forth herein. The requesting party may perform the Work or contract with another qualified entity to perform the Work described in and subject to the conditions set forth in Sections C and D below. All Work must be performed in accordance with the pertinent city, county, and state codes and construction standards and the District's Design and Construction Standards. All Work performed by the requesting party is subject to on-site inspection by a District representative and the costs of inspection shall be paid by the requesting party as part of the estimated construction costs.

C. Compliance with Construction Standards
All Facility Modification Work must be completed in accordance with the District’s Construction and Design Standards. Work performed by the requesting party is subject to the following minimum requirements including but not limited to:

- Compliance with all municipal, city, county, and state ordinances.
- Compliance with all municipal, city, county, and state franchise requirements.
- Compliance with National Electrical Safety Code (NESC).
- Compliance with National Electric Code (NEC).
- Compliance with all pertinent Washington State Codes (WAC 296-46B).
- Compliance with Chelan County PUD Construction & Design Standards.
- Compliance with Chelan County PUD Inspection Requirements.
- Compliance with Chelan County PUD Material Standards.
- Compliance with Washington State Department of Labor & Industries inspection.
- One (1) year warranty of all Work performed by requesting party or agent.
- Acceptance testing performed by a District Customer Service Staff.
- Design & As-Built Approved Drawings & Specifications stamped by a Washington State Professional licensed engineer or approved by the District.

D. Work That May Be Completed By Requesting Party

The following options and conditions apply to Work that may be completed by the requesting party on their own property:

1. Except as provided herein, the requesting party has the option to provide (a) the trench only; or (b) the trench and back filling of the trench, installation of the conduit (electrical and fiber), warning tape, vaults, bases and hand-holes on his or her own property. All Work must comply with the provisions of this Policy. A licensed electrical contractor must install the grounding for the vaults. If the customer chooses to perform the Work, they must do all the Work as outlined in this policy. All Work must be inspected by a District inspector prior to backfilling.

2. Vaults, bases and hand-holes shall be purchased from the District and installed by the requesting party per District Construction and Design Standards to ensure compatibility and uniformity with the District’s Electric Service Facilities. Grounds must be installed by a licensed electrical contractor.

3. The District will provide an on-site inspector at times during construction and before the trench is backfilled to determine if the conduits, sweeps, vaults and bases, and grounding installed by a licensed electrical contractor are installed according to the District’s Design and Construction Standards. The Applicant must provide advance notice to the District prior to when an inspector will be required. The District will schedule an inspector as District resources become available.

4. The District will provide and install all transformers, primary wire, connectors, cabinets and other electrical apparatus as needed. The items will be included in the Estimate to be paid by the Applicant.

5. The presence of the District inspector does not constitute assurance that
the District accepts the Work as satisfactory. All costs of repair or modification of facilities installed by the requesting party will be the responsibility of the requesting party.

6. All District owned facilities installed by the requesting party shall be warranted for one (1) year following Final Acceptance by the District. Any repairs associated with failed equipment, materials, or supporting structures within one year after Final Acceptance by the District shall be the responsibility of the requesting party or requesting party’s agent.

7. The customer or contractor shall notify the District in advance to request an inspection for Final Acceptance. The District will schedule an inspector as District resources become available.

8. EASEMENT AND PERMITS

All Facility Modifications are subject to acquisition by the requesting party of the necessary easements and rights-of-way, as determined satisfactory by the District, in order to construct, operate and maintain the District Service Facilities. All easements and permits must be final and executed prior to the commencement of any Work or construction. Private or public parties are required to obtain all easements on forms approved by the District from all other affected landowners. Those easements will name the District as the easement holder and those easements will be recorded by the requesting party. The District must approve all easements prior to recording and prior to accepting any District Service Facilities. For undergrounding or relocation of facilities not required by a franchise agreement, all costs associated with obtaining easements and/or permits or ongoing permit fees will be paid by the requesting party, including any ongoing permit or easement fees. All non-standard or non-typical costs as determined by the District associated with the District’s obtaining easements or permits in excess of these included in the Estimate will be paid by the customer.

The requesting party shall supply to the District all pertinent ownership utility dedication and signing party information relevant to the necessary easements and permits.

Under no circumstances shall the District be under any obligation to commence legal action to secure a right-of-way or easement to accommodate a request for relocation, modification or undergrounding of facilities.

The customer shall pay all ongoing permit or easement fees. The payment of ongoing permit fees may require a recorded agreement, such as a participation contract, affecting all properties.

9. DISTRICT OWNERSHIP

The District will be the sole owner of all District Service Facilities upon Final Acceptance by the District.
10. **REVISION**

This policy cancels and supersedes any previous policy related to Facility Modification. This policy may be revised, supplemented or otherwise modified by action of the District's Board of Commissioners.
Exhibit C

Changes to Fees and Charges

Section 1.D is revised to read as follows:

D. ENGINEERING FEES FOR LINE EXTENSIONS AND FACILITY MODIFICATIONS

1. The engineering fee for Line Extensions ranges from $200 to $450, depending upon the type of project involved as follows:

   Single phase residential line extension to single residence = $200
   Agricultural – wind machines, irrigation pumps, shops = $200
   Short Plats, Developments, Commercial lots and all others = $450

2. The engineering fee for Facility Modification range from $200 to $450, depending upon the type of project involved as follows:

   Facility Modification on single lot and on private property = $200
   Facility Modification on multi-lots or on public right of way = $450

Section 1.E is revised to delete Sections 1.E.6 and 1.E.7 which provided as follows:

6. Service connection fees may be paid in cash or financed through the District. Financing is available only for residential meter base installations up to 200 amps and total fees over $600. The District shall charge interest on the amounts financed and a lien will be placed on the property.

7. “Actual Cost” line extension will apply an additional 5% administrative fee for auditing.