RESOLUTION NO. 10-13586

A RESOLUTION RATIFYING RESOLUTION NO. 08-13307 AND RESTATING UTILITY SERVICES POLICIES

FACTUAL BACKGROUND AND REASONS FOR ACTION

Resolution No. 08-13307, which removed policy sections from electric rate schedules 13, 14, 19, 20 and water rate schedule 100 and established a separate utility services policy document, was adopted on April 21, 2008 as reflected in the minutes of a regular meeting of the Commission. An incorrect action section on page 3 was inadvertently submitted and signed by the Board.

Due to this clerical error, District staff recommends that it is in the best interest of the District to ratify Resolution No. 08-13307 and restate the Utility Services Policies.

The Utility Service Policy section addresses general provisions, guidelines and cost allocations of the services provided to customers of the District. It assists customers and staff in managing requests for modifying, relocating, or converting water, wastewater, electrical and telecommunications utility services. Additionally, it offers our customers enhanced, easier access to information and provides for timely and efficient changes to policy through a standard Board approved process. The changes separated policies from rates.

The General Manager of the District concurs with staff’s recommendations that the District ratify and restate the Utility Services Policies as attached as Exhibit A hereto, with an adoption date of April 21, 2008.

ACTION

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

Section 1. Resolution No. 08-13307 is hereby ratified as follows:

(A) The District’s Electric and Water Rate Schedules are amended by the removal of Electric Rate Schedules 13, 14, 19, 20 and Water Rate Schedule 100.

(B) Utility Services Policies, as set forth in Exhibit A attached, are determined by the Commission to be fair, reasonable, necessary and non-discriminatory

(C) Changes and amendments to Utility Service Policies shall be made through the standard Board resolution approval process.
(D) The General Manager is hereby delegated the authority to make non-substantive changes for the purposes of correcting or making editorial changes for clarification without Board approval.

(E) Resolution No. 03-12381 is hereby rescinded, along with any resolution which is inconsistent with the above.

Section 2. Utility Service Policies as restated in Exhibit A attached are readopted. All actions taken pursuant to the policies on and after April 21, 2008 are hereby ratified.

Dated this 15th day of November 2010.

ATTEST:

President

Vice President

Secretary

Commissioner

Commissioner

Seal
## Exhibit A
Utility Services Policies

### Preface

### Resolution History

<table>
<thead>
<tr>
<th>Policy</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric Line Extension</td>
<td>1</td>
</tr>
<tr>
<td>Water &amp; Wastewater Line Extension</td>
<td>2</td>
</tr>
<tr>
<td>Networks Line Extension</td>
<td>3</td>
</tr>
<tr>
<td>Facilities Conversion</td>
<td>4</td>
</tr>
<tr>
<td>Sustainable Natural Alternative Power (SNAP)</td>
<td>5</td>
</tr>
<tr>
<td>Renewable Energy Generation</td>
<td>6</td>
</tr>
<tr>
<td>Customer Purchases of SNAP</td>
<td>7</td>
</tr>
<tr>
<td>Net Metering</td>
<td>8</td>
</tr>
</tbody>
</table>

PUBLIC UTILITY DISTRICT NO. 1 OF CHelan COUNTY

Adopted: April 21, 2008
PREFACE

It is the intent of the District to provide through these Utility Service Policies written information for the Customer, electrical and building trades, and employees and representatives of the District to achieve efficient and safe Electrical, Telecommunication, Water and Wastewater Service and to ensure that all Customers of the District receive uniform and equitable consideration.

The District operates as an integrated electric, telecommunication, water and wastewater utility. Where policies are applicable in common to each utility they will be referenced as Utility Service Policies. Where specific to a utility they will be identified as such.

The District operates certain Water and Wastewater Systems in accordance with U.S. Department of Agriculture policy, which prohibits discrimination on the basis of race, color, sex, age, handicap, religion, or national origin. Any person who believes they have been discriminated against in any USDA-related activity should write to: Under Secretary, Rural Development, Washington, D.C. 20250.

The District has lawfully adopted these Utility Service Policies through action by its Board of Commissioners.
## RESOLUTION HISTORY

### ELECTRIC SERVICE REGULATIONS
- Resolution No. 75-5056: April 1, 1975
- Resolution No. 83-6865: March 15, 1983
- Resolution No. 87-7738: February 17, 1987
- Resolution No. 89-8274: April 15, 1989
- Resolution No. 98-11014: June 8, 1998
- Resolution No. 99-11248: June 14, 1999
- Resolution No. 99-11336: December 13, 1999
- Resolution No. 01-11728: March 26, 2001
- Resolution No. 01-11875: August 13, 2001
- Resolution No. 02-11999: February 4, 2002
- Resolution No. 04-12541: April 26, 2004
- Resolution No. 04-12555: May 24, 2004

### WATER RATE SCHEDULES
- Resolution No. 91-9122: December 1, 1991
- Resolution No. 93-9579: May 1, 1993
- Resolution No. 97-10658: February 3, 1997
- Resolution No. 98-10970: March 30, 1998
- Resolution No. 99-11350: December 20, 1999
- Resolution No. 00-11626: December 4, 2000
- Resolution No. 01-11764: April 23, 2001
- Resolution No. 02-12057: April 1, 2002
- Resolution No. 03-12467: December 8, 2003
- Resolution No. 07-03: April 1, 2007

### SYSTEM DEVELOPMENT CHARGES
(\textit{WATER AND WASTEWATER})
- Resolution No. 93-9712: October 4, 1993
- Resolution No. 97-10628: January 6, 1997
- Manager Adjustment: January 6, 1998
- Resolution No. 99-11351: December 20, 1999
- Resolution No. 00-11626: December 4, 2000
- Resolution No. 01-11801: May 21, 2001
- Resolution No. 07-13068: May 1, 2007

### WATER CONNECTION CHARGE
(\textit{IN LIEU OF ASSESSMENT})
- Resolution No. 97-10800: August 18, 1997

### LINE EXTENSION
- Resolution No. 90-8651: May 7, 1990
- Resolution No. 95-10315: November 20, 1995
- Resolution No. 98-10969: March 30, 1998

### NETWORKS LINE EXTENSION
- Resolution No. 03-12381: June 9, 2003

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PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY

Adopted: April 21, 2008
EXHIBIT A-1

ELECTRIC LINE EXTENSION POLICY

1. LINE EXTENSION DEFINITION AND GENERAL PROVISIONS

A line extension is defined as an increase in the size and/or length of the District's existing electrical facilities required to serve a customer(s) new load within the District's service area. Line extensions are necessary to provide electrical service to new and existing homes, farms, businesses and industries within Chelan County and portions of Douglas and Okanogan Counties.

All line extensions are subject to engineering and financial feasibility analysis by the District and are evaluated 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. 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 (late comers' fees) as outlined in Section 13 of this schedule. A new line extension may also require participation in annual permit fees as outlined in Section 8.

The line extension shall generally commence at the terminating point or a tap point on the District's present electrical facilities. Extensions may also include improvements or relocation of existing facilities to meet a customer's new load requirement or request. The customer shall pay all costs associated with the relocation of any electrical facilities.

2. DEFINITIONS/TYPES OF CUSTOMER

   A. Residential Service Customers are private residence, apartments, summer homes, farm and incidental farm power as defined in Rate Schedule 1.

   B. General Service Customers are individuals, firms or corporations as defined in Rate Schedule 2 operating retail or wholesale business, light industrial plants, food processors, hospitals, schools, churches and other miscellaneous loads.

   C. Primary Industrial Customer are individuals, firms or corporations, etc. requiring power to serve electrical loads as defined in Rate Schedule 3 and revisions thereto.

   D. Irrigation Customer are individuals, firms or corporations as defined in Rate Schedule 5 principally engaged in agriculture requiring seasonal pumping power during months of May through October.
Utility Services Policies

E. Frost Protection Customer are individuals, firms or corporations as defined in Rate Schedule 6 principally engaged in agriculture requiring power to operate seasonal frost protection equipment only during the months of March through June.

F. Temporary Customer individuals, firms or corporations needing power for construction purposes as defined in the District's Utility Service Regulations, Section 41.

G. Subdivisions are any approved or unapproved platted area that has been divided into smaller lots or areas for the purpose of selling such lots. Such subdivisions can be for permanent or mobile homes and for business or industrial developments. Subdivisions are further defined as follows:
   1. Short plats consisting of four lots or less.
   2. Subdivisions consisting of five lots or more.

H. Mobile Home Courts. Subdivided land further divided into mobile home spaces with permanently installed meter bases for the purpose of renting or leasing the space. Two (2) or more mobile homes on a single subdivision shall be considered a mobile home court.

I. Recreational Campsite Developments are defined as an improved land area primarily intended for recreational campers or travel trailers and may or may not be open to the public.

J. Miscellaneous Customers. All other customers not covered above including service for a single recreational camper or travel trailer, shop, domestic pumps, etc. with limited power usage.

3. LINE EXTENSION CONSTRUCTION OPTIONS

The following options and conditions apply to the construction of the following types of line extensions:

A. A single lot line extension for a residence, general service, frost protection, irrigation, temporary service, miscellaneous service, primary industrial or a line extension for plats/subdivisions of 4 lots or less for residential, commercial or industrial properties.
   1. Except as provided herein, the customer has the option to provide (1) the trench only, or (2) the trench and back filling of the trench, installation of the conduit (electrical and fiber), warning tape, vaults, bases and handholes on their own property. All work must comply with District designs and standards. A licensed electrical contractor must install the grounding for the vaults. If the customer opts for doing the above work, they must do all the work as outlined above. All work must be inspected by a District inspector.
2. The customer may request the District to do all the work as outlined in (A)(1) above.

3. All work on public right-of-way or off the customer's property must be completed by the District and paid for by the customer as part of the line extension cost.

4. Vaults, bases and handholes shall be purchased from the District and installed by the customer per District standards to ensure compatibility and uniformity with the District's electrical system.

5. The District will provide and install all transformers, wire, connectors, cabinets and other electrical apparatus as needed.

6. The customer will pay for all line extension costs.

B. Line extensions for 5 lots or more for residential, mobile home courts, recreational campsite developments, commercial or industrial properties shall have all installation performed by the customer as described in (1) and (2) with the exception of (3) and (4) below. The District will not perform any work within the customer's property.

1. The customer will provide the trench, install the warning tape, conduit (electrical and fiber), vaults, bases and handholes. All work must comply with District designs and standards. A licensed electrical contractor must install the grounding for the vaults. The customer shall do all work on the customer's property. All work must be inspected by a District on-site inspector.

2. Vaults, bases and handholes shall be purchased from the District and installed by the customer per District standards to ensure compatibility and uniformity with the District's electrical system.

3. All work performed on property not owned by the customer, including public right-of-way or easements will be completed by the District and will be paid for by the customer as part of the line extension cost.

4. The District will provide and install all transformers, cabinets, connectors, wire and all electrical apparatus as needed.

5. The customer will pay for all line extension costs.

4. LINE EXTENSION "FIXED ESTIMATE" OR "ACTUAL COST" PAYMENT OPTIONS

A. "Fixed Estimate"
Subject to the exception for concealed physical conditions set forth below, the customer will be provided a "Fixed Estimate" option under which the
customer will be provided a cost estimate based on the Line Extension Construction Options listed in Section 3. The customer shall pay this estimated cost pursuant to Section 5 of this schedule. The “fixed estimate” will include all usual charges associated with a line extension estimate. This cost will also include estimated costs for a District inspector should the customer desire or is required to install their own trenching, vaults and conduit. If physical conditions encountered at the site during installation differ materially from those apparent when the District made its estimate (i.e., subsurface rocks or other concealed physical conditions), the District will notify customer of the changed conditions. In the event of changed conditions, this Fixed Estimate option will terminate and the Customer shall be charged the actual cost of the line extension as set forth in 4B below. Nothing contained in these regulations shall shift the risk of any concealed physical conditions to the District.

The Fixed Estimate must be paid and/or payment arrangements made prior to construction.

B. “Actual Cost”
There is an “Actual Cost” option under which the customer will be provided a cost estimate based on the line extension construction options listed in Section 3. Initial payment will be based on this estimated cost. The customer shall pay this estimated cost pursuant to Section 5 of this schedule. The estimate will include all usual charges associated with a line extension estimate. This cost will also include estimated costs for a District inspector should the customer desire or is required to install their own trenching, vaults and conduit. If physical conditions encountered at the site during installation differ materially from those apparent when the District made its estimate (i.e., subsurface rocks or other concealed physical conditions), the District will notify customer of the changed conditions. The District will then provide the customer with a revised cost estimate for the work, which the customer shall pay. A 5% administrative fee based on the estimated cost of the project shall be charged and paid by the customer if the Actual Cost option is chosen. The estimated cost will be paid and/or payment arrangements made prior to construction.

The District will track the actual costs of the project and audit them once the project is completed. The customer’s actual cost will be based on the audited costs. Payment for facilities shall be in accordance with Section 5 of this schedule.

5. PAYMENT FOR FACILITIES

All fees and line extension costs must be paid or payment arrangements made by the customer or developer prior to the District proceeding with construction or issuing materials to the job, subject to the following:

The customer may either:
1. (a) Pay the entire estimated amount in advance of construction or, (b) pay one-half of the estimated amount in advance and the balance can be deferred until the actual completed costs are available in the instance of an “actual cost” job or once the job is completed for a “fixed estimate” job. All deferred amounts must be secured by an irrevocable letter of credit from an approved financial institution or other security approved by the District. In the event that changed conditions require a revised estimate, that revised estimated amount shall be paid prior to continuation of construction.

2. Should the customer default on the conditions of payment of the facilities, the District will not connect and may disconnect the line extension or associated services until full payment or suitable arrangements have been made.

6. TYPE OF CONSTRUCTION

Overhead or underground construction may be installed. The District shall determine the most suitable type of construction. Generally, all extensions in subdivisions or platted areas shall be underground as may be required by city and county ordinance.

7. CONDITIONS FOR CONSTRUCTION

A. Prior to construction, payment for facilities must be made as outlined in Section 5.

B. Prior to the commencement of any work or construction, all easements and/or permits for the facilities (electrical and fiber) must be executed and on file with the District.

C. 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 for the electrical and fiber facilities.

1. The construction will be completely on private property or right-of-way not under the jurisdiction of a government agency or on State, County or City right-of-way, or on Federal lands by permits from a government agency.

2. All conduits, (electrical and fiber), sweeps and the installation thereof, must meet District specifications as outlined in the District’s Construction Standards and must follow the design prepared by the District’s Customer Service Engineer.

3. The District will provide an on-site inspector for the purpose of verifying that the conduits, sweeps, vaults and bases and grounding
Utility Services Policies

(installed by a licensed electrical contractor) are installed according to the District's specifications. The actual cost for inspection will be the responsibility of the customer.

4. The presence of the on site inspector does not constitute as assurance that the District accepts the work as satisfactory. Therefore, the costs for repair or modification of the conduit installed by the customer incurred during the cable installation by the District will be borne by the customer.

5. Late Comer Fees, as outlined in Section 13, will be determined based on costs paid to the District by the customer, for the installation of the line extension. In addition to these costs, a customer may supply the District with any costs that were incurred by the customer for trenching, conduit, (electrical and fiber), vaults and bases, (grounding installed by a licensed electrical contractor) and handholes or other costs the customer paid for the installation of the electrical facilities. The District will have the right to determine that these supplied costs are fair and reasonable for the work performed. The determination will be based on what the District's estimated cost would have been to provide the service.

6. Any and all costs associated with obtaining easements and/or permits or ongoing permit fees will be borne 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, DNR land or railroad property, all properties connected to the line extension will share in the annual cost of the easement or permit.

7. All other matters connected with providing electrical service shall be in compliance with the District's Utility Service Regulations and Electrical Service Requirements.

8. CUSTOMER'S RESPONSIBILITIES

A. All fees will be paid or arrangements made for payment before construction begins.

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

C. The customer shall pay all ongoing permit or easement fees. All properties connected to the line extension will share in the cost of all ongoing permits and easement fees for as long as these fees are required by the grantor. The
payment of ongoing permit fees may require a recorded agreement, such as a Participation Contract, affecting all properties connected to the extension.

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

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.

G. Street lighting installed by the customer shall be inspected by and approved by City or L&I electrical inspector prior to hookup. All street lighting 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. If underground facilities are installed, the customer shall, per District Electrical Service Requirements, provide the service trench, conduit (3 inch for power and 2 inch (orange) for fiber), warning tape and backfill. The Residential Customer has the option to (1) provide District approved service conductor and have it installed by their Licensed Electrical contractor or, (2) have the District supply and install the service conductor, up to 150 feet, for the fee set forth below. For service conductor in excess of 150 feet, there shall be an additional fee charged on a per foot basis. For overhead and underground, the measurement shall be from the property line. All other customer classes will supply and install the secondary service conductor per District Electrical Service Requirements. The District will set the meter and connect the service once the customer's electrical facilities are approved by the electrical inspector.

J. If overhead facilities are installed, the customer will have the service inspected by the City or L&I electrical inspector as may be required before the District will set the meter and run wire to the customer's overhead mast.

K. 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 electrical 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 figuring Late Comer Fees per Section 13.

9. DISTRICT RESPONSIBILITIES
A. When an extension of the District's electrical 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.

B. When an extension of District electrical facilities is to be installed on lands owned by a governmental agency such as Federal, State, County or City right-of-way, the District will attempt to secure the appropriate easements and/or permits from that agency. When an extension of District electrical facilities is to be constructed on property or right-of-way not under the jurisdiction of a governmental agency, the District will attempt to secure necessary easements and will initially process the easements. The customer shall be responsible for 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 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 costs associated with such negotiations shall be the responsibility of the customer. The District is under no obligation to commence any legal action on behalf of the customer to secure the right-of-way.

10. DISTRICT OWNERSHIP

The District will be the sole owner of all the line extension facilities (electric and fiber) upon completion and acceptance by the District.

11. IN-FIELD ESTIMATES

In-field estimates will be offered to customers for construction of short plats of 4 lots or less. Office research and consultation is required for larger line extensions. The extent of financial participation in costs of existing line extensions (Late Comer Fees outlined in Section 13) may not be known to the engineer at the time of the in-field estimate and will have to be communicated to the customer at a later date. The District employees have limitations placed on their ability to provide commitments on line extensions as outlined by Resolution 03-12406, as may be amended. Estimated costs for in-field estimates will be paid prior to construction.

12. RE-ENGINEERING FEE

If a customer desires to change the scope of the job after the engineer has made the initial field visit and begun project design, the customer may be assessed a re-engineering fee. The redesign fee will be 60 percent of the original engineering portion of the estimated cost. The customer, prior to the engineer’s re-estimating or redesigning the project, must pay this fee.

13. LATE COMER FEES
Customers who request to connect to an existing line extension may be required to pay a portion of the costs associated with a previous line extension. Late comer fees will be determined based on the costs paid by a customer, for the installation of the line extension.

A. No late comer refund will be made to a customer who has paid for or shared in the cost of the installation of the electrical facilities if he or she has sold the property whether by deed, contract or any other method of sale. If the customer has sold a portion of the original property, the late comer fee will be proportional to property still owned by the original customer. The purchaser of property from an original customer is not eligible for late comer's fees.

B. The period during which late comer fees can or may be collected shall be 10 years commencing from the line extension’s original construction completion date. Prior to the expiration date of the 10-year line extension period, the line extension refund will be based on actual line extension costs whenever one or more new customers are connected to the line extension.

C. A subsequent customer(s) may connect to an existing line extension with no assessment toward the original cost if the ten 10-year line extension period has elapsed.

D. When the customer installs or has installed by someone other than the District the trench, conduit (electrical and fiber), vaults, bases and any other electrical 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 late comer fees for these costs. The District will have the right to determine that these supplied costs are fair and reasonable.

E. Primary Industrial Customers, subdivision developers or owners, mobile home court developers or owners, and recreational campsite developers or owners are not eligible for late comer Fees.

14. SECONDARY SERVICES – PERMANENT

A. Customer Responsibilities

1. The customer shall provide the District with accurate plot and building plans, including load data.
2. The customer in accordance with District Electrical Service Requirements, 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 conductor as directed by the District. The residential customer has the option to (1) provide District approved service conductor and have it installed by their Licensed Electrical contractor or, (2) have the District supply and install the service conductor, up to 150 feet, for the fee set forth below. For service conductor in excess of 150 feet, there shall be an additional fee charged on a per foot basis. For overhead and underground, the measurement
shall be from the property line. All other customer classes will supply and install the secondary service conductor per District Electrical Service Requirements.

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 actual cost.

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.

15. DISTRICT FEES AND CHARGES

All Fees and Charges for Utility Line Extensions are designed to provide a fair and consistent method for providing Utility Services while adequately recovering costs. As costs change the District will adjust fees. Normal practice will be to analyze and project any cost adjustments during the District’s annual budget cycle, however changes may be made on an as needed basis. The General Manager may adjust Fees and Charges as costs and application methods change. Refer to Fees and Charges.

EFFECTIVE: MAY 1, 2007
1. **INTRODUCTION**

The Public Utility District No. 1 of Chelan County (District) will provide facilities for the distribution of water and the collection of wastewater within its systems in accordance with approved land use documents and policies. However, it will not extend, at District expense, facilities to service additional applicants, properties, tracts, or subdivisions.

The financial responsibility for constructing system extensions will be incurred by the applicant(s). The new facilities may be constructed either, at the District's discretion, by the formation of a Local Utility District (LUD) or by a private licensed and bonded contractor that is acceptable to the District. In either event, system extensions will be constructed in accordance with the District's Extension Policies, Technical Standards and Specifications, Rate Schedules, Fees and Charges, and Utility Service Regulations.

No services connections will be allowed until all items identified within this policy have been completed by the contractor and/or received by the District. When all these conditions in the discretion of the District as herein set forth are met, the District will then accept an application for service from the new line extension.

**A. Definitions**

The following terms wherever used in any of these Service Regulations, the District's rate schedules, and in any application or Contract for Water or Wastewater Service, shall have the following meaning, unless otherwise clearly stated:

"**Applicant**": The person, partnership, firm, or corporation having filed an application with the District to cause the installation of water or wastewater improvements to become part of the District water/wastewater system. The term shall also include the Applicant's agents, employees, and subcontractors. For purposes of notice, the Applicant address is shown in the application.

"**Application**" or "**This Application**": The application for permission to construct an extension to the water system executed by the Applicant and the District of which the Line Extension Policy and Water/Wastewater General and Specific Regulations are an integral part.

"**Board**": Board of Commissioners of Public Utility District No. 1 of Chelan County, WA.
Utility Services Policies

“Contract Plans” or “Plans”: All drawings or plans and reproductions of drawings prepared by a Washington State Registered Professional Engineer and made or to be made pertaining to the work provided for in the Application or to any structure connected therewith.

“Details” or “Additional Plans”: All details or plans prepared and issued by the Engineer subsequent to the signing of the contract for further explanation or amplification of the Contract Documents or for revision of same, all as herein provided.

“District”: Public Utility District No. 1 of Chelan County, Washington.

“District Standard Specifications”: A specification setting forth all of the District's standards and practices for various construction activities.

“Engineer”: The consulting Washington State Registered Professional Engineer acting as agents for the Applicant in the design of the Contact Plans.

“Equipment”: The machinery, accessories, appurtenances, and manufactured articles to be furnished and/or installed under the contract.

“Extension Documents”: The Extension Document shall consist of the following. In cases of conflict in provisions, the first mentioned shall have precedence:

1. Application for permission to construct extension to the water system
2. Change Orders after application is signed
3. Detail drawings and written instructions
4. Addenda
5. Plans
6. Standards and Details
7. Line Extension Policy
8. Specific Regulations
9. General Regulations
10. Reference Specifications
11. Maintenance Bond
12. Design and Format Standards

“Line Extension”: A line extension is an increase in the size and/or length of the District's existing water mains and/or wastewater lines required to serve an applicant's property. A line extension may include new facilities or improvements to existing facilities such as pump stations, reservoirs, structures, control equipment, pressure reducing stations, and related facilities. Line extensions are necessary to provide water and/or
Utility Services Policies

wastewater service to new and existing homes, farms, businesses, and industries within Chelan County (County). All line extensions are subject to review by the District and are evaluated consistent with efficient engineering and service practices to the applicant. All costs required for the construction of the line extension will be paid by the Applicant(s) requesting the extension. Upon completion and acceptance of construction, the District will be the sole owner of all line extension facilities.

“Material(s)”: The machinery, manufactured articles, materials of construction (fabricated or otherwise), and any other classes of material to be furnished in connection with the contract.

“Referenced Specifications”: The technical specifications of other agencies incorporated or referred to herein.

“Or Equal”: Any manufactured article, method, or work which in the opinion of the District, is equally desirable or suitable for the purposes intended in these specifications and the Contract as compared with similar articles specifically mentioned herein.

“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 and the manner and method of measurements and payments. They also include directions, requirements, and explanations as set forth in the plans.

“Work”: The work necessary to manufacture and deliver the machinery, equipment, and material and/or furnish all labor, tools, material, equipment, construction equipment, working plans, where required and other necessities for the construction or erection of the structures shown and called for in the plans, specifications, and Application and the act of constructing or erecting such structures complete.

B. Location of Facilities

All water and/or wastewater facilities are to be located on public rights-of-way or dedicated minimum 20-foot wide easements. All easements will be transferred to the District's ownership for perpetual operation, maintenance, and service responsibilities, subject to initial maintenance bonding requirements.

All permits, easements, and approvals shall be obtained by the applicant, as necessary, at the applicant's expense. These could include, but are not limited to, State and County roads, building, health, planning, and railroad agencies. More specifically, this includes needed approvals from the Department of Health (DOH) for all new water facilities, and from the Department of Ecology (DOE) for all new wastewater facilities. Plans and
specifications for collection facilities not approved by this general plan need to be submitted to DOE with review comments from the District.

C. Conditions for Service for Piped Water
In order to be served by the District's water or wastewater system, the Applicant's property must lie adjacent to the District's line(s). If the applicant's property lies remote from the District's system(s) or if the line to the applicant's property is not adequately sized (as deemed necessary by the District) to provide the required service to the applicant, the applicant shall be required to extend or upgrade the line to their property and pay for all costs associated with the line extension.

D. Discrepancies in Plans/Specifications
The Applicant shall carefully study and compare all drawings and specifications and other instructions and shall, prior to ordering material or performing work, report in writing to the District any error, inconsistency, or omission in respect to design, mode, construction or cost which they may discover. If the Applicant and/or their Engineer, in the course of this study or in the accomplishment of the work, finds any discrepancy between the plans, or such error or emissions in respect to the design, mode of construction, or in the layout as given by points and instructions, it shall be their duty to inform the District immediately in writing, and the District shall promptly check the same. Any work done after such discovery will be done at the Applicant's risk.

2. EXTENSION REQUIREMENTS
All applications for line extensions shall follow the following procedures within sections 2A through 2E.

A. Application

(1) Application Form and Customer Job Order
Application for extension of the District system to serve newly developed and/or existing properties shall be made by the Applicant or their agent on the District's application form. The application shall be accompanied with an application fee or signed Customer Job Order (CJO). The CJO will provide for compensation to the District for administrative, plan review, State and County permits, pre-construction meeting and miscellaneous charges associated with review of the line extension plans.

(2) Submission of Application
Utility Services Policies

Each application along with the CJO shall be submitted to the District's Manager or their representative for approval. If accepted, the Applicant may then be entitled to proceed with the line extension design in accordance with the District's requirements.

(3) Site Plan for Application

Each application shall be accompanied by two (2) copies of a site plan, drawn to scale, showing the properties to be served and the approximate location of the proposed expansion facilities. The District will review the proposal and the layout of the location of all pipes, hydrants, valves, manholes, clean-outs, wyes, and any other appurtenances needed to serve the area.

(4) Additional Requirements

The Applicant will be notified by the District of any additional system facilities required as a result of the proposed development. Special requirements, such as cross-connection devices or fire detector-check meter, will be specified. These items will enable the applicant to establish an estimate of their construction costs and his equitable share of enlarged District facilities, if any.

B. Administration

(1) Methods for Line Extensions

Line extensions may be accomplished in one of two methods, to be determined by the District.

(a) The applicant, at his expense, shall hire a licensed and bonded contractor to install the extension and transfer ownership to the District, subject to the review and approval provisions stated herein.

(b) The extension may be installed by formation of a LUD, subject to the submittal of a proper petition by area land owners, and a determination by the District of the financial and engineering feasibility of the project. LUD assessments will be levied against the benefited properties in accordance with State law.

(2) Costs Associated with Line Extension

Under method B.1.(a), the applicant shall be responsible for financing the entire cost of the extension from the District's existing lines, along with up-grades required to the District's system to service the line extension. Additional applicants connected to an extension will be required to share the cost of the
original construction. The cost per foot of the extension would be
established at the time of the original construction.

If an additional new service connects to this extension, the added
Applicant shall pay to the District the regular System Development
Charge and Meter Fee plus a Latecomers Fee for the original line
extension. The Latecomers fee will be refunded to the applicant
who installed and paid for the original line. This "Latecomer fee"
repayment program will be in force for a maximum of ten (10)
years after completion of the construction. No Latecomer Fee
shall be charged or refunded if the Applicant no longer has a
vested interest in the real property served by the original line
extension.

In the event the District constructs line extensions on its behalf,
whether associated with local government road improvements or
overall system improvements, the District is eligible to recover
costs from future applicants that may connect to the line. The
District will compute total costs and convert this amount to a cost
per foot. This amount is in addition to the System Development
Charge, Meter Fee and any additional charges as set forth in the
Rate Schedule.

(3) System Development Charge, Meter Fee & Additional
Charges

Each lot or service connection requested in the extension will be
assessed a System Development Charge, Meter Fee and
potential additional charge, due in full before services are
connected. See Fees & Charges document for full list of charges.

C. Design

(1) Engineer

Extension plans shall be prepared and stamped by a professional
engineer licensed in the State of Washington competent in water
and wastewater system design.

(2) Location of Line Extension

The applicant of the development will be required to install the line
extension from a point designated by the District and must be
extended across the full width of the property or to the opposite
property corner. This shall also apply to line extensions for
subdivisions that abut public roads or right-of-way. At the
District's discretion, this requirement may be waived or special
arrangements made with the District for large agricultural parcels
or low-density rural areas for the main to extend a minimum of 10-
feet beyond the last service, whereby the front footage of the
applicant to be served results in financial hardship or unreasonable costs. This applies when a single home or farm is the only facility to be served. Parcels that receive a waiver that are developed at a future date will be required to construct the line extension across the full width of the property.

(3) **District's Standards and Specifications**

All line extensions and side sewer connections shall be designed and installed in accordance with the District's Technical Standards and Specifications. In addition, water plans and specifications for system extensions must be approved in accordance with the requirements of DOH, while wastewater plans and specifications for system extensions must be approved in accordance with the requirements of Ecology.

(4) **Plans and Specifications**

Two (2) sets of detailed plans and specifications shall be submitted for the District's review and approval prior to commencing construction. These plans should indicate the location and all water and/or wastewater utilities, lot lines, plat boundaries, rights-of-way, dedicated easements, roadways, 5-foot or less contour lines at county datum and other items as directed by the District. Additionally, plans must be prepared in AutoCAD. Approved plan may be constructed up to one year from date of plan approval. If construction is not complete within one year of plan approval, the plans and specifications shall be resubmitted for District approval.

(5) **Submission to Department of Ecology**

Plans for sewer extensions shall be submitted to Ecology with review comments by the District. If the extension is part of an Ecology approved General Plan, submittal and approval is not required. For reference, see WAC 173-240-030(5) for additional details.

(6) **Submission to Department of Health**

Plans for water extensions requiring a new pressure zone, a revision to an existing booster pump station or reservoir shall be submitted to the Department of Health with review comments by the District.

(7) **Fire Department Approval**

Water line extensions shall be designed to ensure the placement of fire hydrants in accordance with the respective fire district. Written notice shall be received from the respective fire district for number and placement of fire hydrants required.
D. General Construction Procedures

(1) Procedures
Construction procedures shall be in full accordance with the District's latest Technical Standards and Specifications.

(2) Contractor
All line extensions shall be installed by a Washington State licensed and bonded contractor. The District reserves the right to review and approve Applicant's contractor.

(3) Pre-Construction Conference
The District will schedule a pre-construction conference with the Applicant and/or their contractor after the construction plans and specifications have been approved. The Applicant and/or the contractor shall submit their materials list and traffic control plans, if needed, for approvals before or during this meeting.

(4) Indemnification and Liability
The Property Applicant shall indemnify, defend, pay on behalf of, and to save the District harmless from any and all claims or liability for damages arising from acts done in performance of the work by Applicant and/or Applicant's Contractor to the extent that such claim or liability does not arise from the sole negligence of the District. It is advisable for the Applicant to require their Contractor to provide evidence of insurance for the protection of Applicant and District in connection with the work to be performed.

Nothing in this policy shall be construed as imposing any liability on the District for acts of the Applicant or contractor. Nor does this policy or any other statement obligate the District to complete a line extension or attendant facilities.

(5) Submittals
In accordance with the District's Technical Standards and Specifications, the applicant or his contractor shall submit a list of all brands, sizes, types, grades, and standard materials to be used in the project. The District may reject certain brands and will provide approval, disapproval, and/or comment by letter. The applicant shall be notified in writing of any changes.

(6) Construction Requirements
Extreme care should be used in checking and cleaning all pipe and fittings of dirt, debris, and/or any foreign matter during installation. All material shall be kept clean. Plugs shall be used to seal installed water mains when they are to be left for any
period of time, including lunch breaks, coffee breaks, overnight, etc. Material contaminated by petroleum products or questionable chemicals will be rejected. No trench water is to be allowed to enter installed water mains.

(7) Changes to Construction Plans and Specifications

The approved construction plans and standard specifications shall be followed. No deviations will be allowed without request for change and approval received from the District. The District reserves the right to order changes in accordance with the District's standard specifications in the event of conditions or circumstances discovered during construction. The Applicant shall be notified in writing of any changes. Such changes will be mutually accepted.

(8) Inspection

Unless previously authorized by the District, no work on the project shall be allowed without a District inspector being present. The District may refuse acceptance of any lines installed without an inspection. The District must receive notice at least two full working days before construction activities begin to schedule the inspection. If there are breaks in construction, there must be two working days notice before beginning again. The inspector shall have authority to reject defective material and to suspend any work that is not conducted in accordance with the District's Technical Standards and Specifications.

(9) Inspection Charge, and Connection and Testing Charge

Prior to construction, the Applicant shall pay the District fees as stated within the Fees and Charges document prior to start of construction. The District's fees shall include the costs of necessary labor and testing performed by the District to make connection to the existing water/wastewater mains, and to provide 10 inspection visits for the project. If more than 10 inspection visits are required, at the discretion of the District, the cost of these inspections shall be charged on a time and materials basis.

E. Acceptance of Contract Work

(1) Pressure Testing of Mains

All water mains and sewer lines will be pressure tested in accordance with the District's Technical Standards and Specifications. At the applicant's expense, the District will provide all testing equipment and will perform the test on the mains. The connection may be made from District water mains when available or a contractor supplied water truck to supply water for initial flushing, line filling, pressure testing, and disinfection. The new
line must be kept separate from the distribution system by an isolation valve and will not be usable for potable purposes until it has passed all pressure and bacteriological tests

(2) Disinfection of Mains
At the Applicant's expense, the District will be responsible for all disinfection of water lines. Disinfection procedures will be in accordance with the District's Technical Standards and Specifications. Disinfected lines will be flushed with water from the District's system when available or a Contractor supplied water truck and samples collected from all mains for coliform bacteriological testing. The District will supply bottles, take samples, and submit them for testing to any Washington State certified laboratory. Copies of test results will be submitted to the District and possible for Contractor and/or applicant to review. If test results are not satisfactory, lines shall again be disinfected, flushed, and tested until two consecutive satisfactory results are obtained.

(3) Maintenance Bond
The Applicant, or their contractor, is required to obtain a Maintenance Bond covering the full value of the improvements installed by the applicant and for trench settlement. The bond shall be furnished to the District before any services are connected. The bond shall be effective for a period of one year (for construction finished between April 2 and October 31) or two years (for construction finished between November 1 and April 1) from the date of acceptance by the District. This acceptance will not occur until after satisfaction of all the conditions listed herein. The purpose of the bond shall be to guarantee payment to the District for all costs incurred to repair or replace newly installed facilities which fail within the effective term of the bond. In some cases, a two-year bond may be required because of County rules on road restoration. Further, the bond shall guarantee payment for replacement of any or all of the lines if it is determined failure is excessive and the lines cannot be relied upon for long trouble-free life. The District shall be sole judge of the adequate performance of such lines.

(4) As-Builts
Any deviations from originally approved plans and specifications shall be recorded with one (1) set of reproducible As-built mylars, electronic file in AutoCAD and O&M Manuals shall be provided to the District. As-built plans must show, at a minimum, the locations of all lines, valves, hydrants, manholes, wyes, clean-outs, and fittings giving sizes and types of each and 5-foot or less contour line at county datum. The drawings shall show exact distances of
lines from property boundaries. The applicant shall make every effort in acquiring all necessary information for As-built conditions.

(5) **Easements and Bill of Sale**

The applicant shall complete all necessary Easements and a Bill of Sale transferring the ownership of all installed facilities to the District. In the case of a new plat, the easements may be shown and recorded as part of the plat. Special facilities such as pump stations and reservoirs should be constructed on a separate tract of land and dedicated to the District.

(6) **Final Acceptance**

The applicant, or their contractor, shall notify the District requesting a final inspection for approval of the project. If the lines have been installed according to the approved plans and specifications, pressure and bacteriological tests are passed (in the case of water system extensions), and after all of the extension policy conditions are fully satisfied, the District will prepare and date a letter of Final Acceptance of the extension. The warranty period will begin after Final Acceptance and the line extension is operational and providing service to applicants. The 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 period of this Maintenance Bond.

Final acceptance by the District will not be permitted until all new lines have been satisfactorily inspected and tested. Taps from new extensions to existing lines must be made by the District.

(7) **Application for Service**

No services connections will be allowed until all above listed items have been received by the District. When all these conditions in the opinion of the District as herein set forth are met, the District will then accept an application for service from the new line extension.

**Effective Date:** March 30, 1998
1. LINE EXTENSION DEFINITION AND GENERAL PROVISIONS

A line extension is defined as an increase in the size and/or length of the District’s existing telecommunications facilities required to serve a Service Provider within the District’s service area.

All line extensions are subject to engineering and financial feasibility analysis by the District and are evaluated consistent with the directives of the District’s Commission and business practices to provide efficient service to the Service Provider as further defined in the agreements between the Service Providers and the District or District regulations. The amount to be paid by a Service Provider is subject to change as determined by the District’s financial requirements and approved revisions to this Line Extension Policy. Upon completion of construction, the District will be sole owner of all line extension facilities. A new line extension may also require participation in annual permit fees as outlined in Section 8.

The line extension shall generally commence at a node or a splice point on the District’s present telecommunications facilities. Extensions may also include improvements or relocation of existing facilities to meet a Service Provider’s requirement or request. The Service Provider shall pay all costs associated with the location or relocation of any facilities.

2. DEFINITIONS/TYPES OF CUSTOMER

"Service Providers” are those entities which, pursuant to RCW 54.1.005 and 54.16.330, are authorized to provide telecommunications services to the general public and/or are Internet Service Providers and have entered into agreements with the District to provide telecommunications services to District customers through the District’s telecommunications infrastructure.

3. LINE EXTENSION CONSTRUCTION

A. Except as provided herein, the Service Provider may provide the trench and back filling of the trench, install the conduit, warning tape, vaults, bases and handholes. All work must comply with District designs and standards. A licensed electrical contractor must install the grounding for the vaults, if applicable. If the Service Provider opts for doing
B. The Service Provider may request the District to do all the work as outlined in (A) above.

C. All work on public right-of-way must be completed by the District and paid for by the Service Provider as part of the line extension cost.

D. Vaults, bases and handholes shall be purchased from the District and installed by the Service Provider per District standards to ensure compatibility and uniformity with the District’s system.

E. The District will provide and install all electronics, fiber optic cable, connectors, cabinets and other apparatus as needed.

F. The Service Provider will pay for all line extension costs.

4. LINE EXTENSION “FIXED ESTIMATE” OR “ACTUAL COST” PAYMENT OPTIONS

A. “Fixed Estimate”
Subject to the exception for concealed physical conditions set forth below, the Service Provider will be provided a “Fixed Estimate” option under which the Service Provider will be provided a cost estimate based on the Line Extension Construction options listed in Section 3. The Service Provider shall pay this estimated cost pursuant to Section 5 of this policy. The “fixed estimate” will include all usual charges associated with a line extension estimate. This cost will also include estimated costs for a District inspector should the Service Provider desire or is required to install their own trenching, vaults and conduit.

If physical conditions encountered at the site during installation differ materially from those apparent when the District made its estimate (i.e., subsurface rocks or other concealed physical conditions), the District will notify Service Provider of the changed conditions. In the event of changed conditions, this Fixed Estimate option will terminate and the Service Provider shall be charged the actual cost of the line extension as set forth in 4B below. Nothing contained in these regulations shall shift the risk of any concealed physical conditions to the District.

The Fixed Estimate must be paid and/or payment arrangements made prior to construction.

B. “Actual Cost”
There is an “Actual Cost” option under which the Service Provider will be provided a cost estimate based on the Line Extension Construction options listed in Section 3. Initial payment will be based on this estimated cost. The Service Provider shall pay this estimated cost pursuant to Section 5 of this schedule. The estimate will include all usual charges associated with a line extension estimate. This cost will also include estimated costs for a District inspector should the Service Provider desire or is required to install...
their own trenching, vaults and conduit. If physical conditions encountered at the site during installation differ materially from those apparent when the District made its estimate (i.e., subsurface rocks or other concealed physical conditions), the District will notify Service Provider of the changed conditions. The District will then provide the Service Provider with a revised cost estimate for the work, which the Service Provider shall pay. A 10% administrative fee based on the estimated cost of the project shall be charged and paid by the Service Provider if the Actual Cost option is chosen. The estimated cost will be paid and/or payment arrangements made prior to construction.

The District will track the actual costs of the project and audit them once the project is completed. The Service Provider’s actual cost will be based on the audited costs. Payment for facilities shall be in accordance with Section 5 of this schedule.

5. PAYMENT FOR FACILITIES

All fees and line extension costs must be paid or payment arrangements made by the Service Provider prior to the District proceeding with construction or issuing materials to the job, subject to the following:

The Service Provider may either:

1. (a) Pay the entire estimated amount in advance of construction or, (b) pay one-half of the estimated amount in advance and the balance can be deferred until the actual completed costs are available in the instance of an “actual cost” job or once the job is completed for a “fixed estimate” job. All deferred amounts must be secured by an irrevocable letter of credit from an approved financial institution or other security approved by the District. In the event that changed conditions require a revised estimate, that revised estimated amount shall be paid prior to continuation of construction.

2. Should the Service Provider default on the conditions of payment of the facilities, the District will not connect and may disconnect the line extension or associated services until full payment or suitable arrangements have been made.

6. TYPE OF CONSTRUCTION

Overhead or underground construction may be installed. The District shall determine the most suitable type of construction. Generally, all extensions in subdivisions or platted areas shall be underground as required by city and county ordinance.

7. CONDITIONS FOR CONSTRUCTION

A. Prior to construction, payment for facilities must be made as outlined in Section 5.

B. Prior to the commencement of any work or construction, all easements and/or permits for the facilities must be executed and on file with the District.
C. 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 Service Provider desire to install the underground conduit for the fiber facilities.

1. The construction will be completely on private property or right-of-way not under the jurisdiction of a government agency or on State, County or City right-of-way, or on Federal lands by permits from a government agency.

2. All conduits, sweeps and the installation thereof, must meet District specifications as outlined in the District’s Construction Standards and must follow the design prepared by the District’s Customer Service Engineer.

3. The District will provide an on site inspector for the purpose of verifying that the conduits, sweeps and vaults are installed according to the District’s specifications. The actual cost for the inspector incurred will be the responsibility of the Service Provider.

4. The presence of the on site inspector does not constitute as assurance that the District accepts the work as satisfactory. Therefore, the costs for repair or modification of the conduit installed by the Service Provider incurred during the cable installation by the District will be borne by the Service Provider.

5. Any and all costs associated with obtaining easements and/or permits or ongoing permit fees will be borne by the Service Provider. 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, DNR land or railroad property, all properties connected to the line extension will share in the annual costs of the easement or permit.

6. All other matters connected with providing service shall be in compliance with the District’s Telecommunications Service Regulations, Telecommunications Service Requirements, and agreements between the Service Providers and the District.

8. SERVICE PROVIDER’S RESPONSIBILITIES

A. All fees will be paid or arrangements made for payment before construction begins.

B. Work completed by the Service Provider and not inspected by the District is subject to being exposed, and repaired, if necessary, to meet District standards at the Service Provider’s expense.

C. The Service Provider shall pay all applicable permit or easement fees for as long as these fees are required by the grantor.

D. The Service Provider will be responsible for all costs incurred to obtain easements or permits.
Utility Services Policies

E. The Service Provider shall provide all necessary easements or permits across land owned by it or others at no cost to the District.

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

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

H. If underground facilities are installed, the Service Provider shall provide the service trench, conduit (2 inch orange) for fiber, warning tape and backfill for all underground services. The District will connect the service once the facilities are approved by the inspector.

9. DISTRICT RESPONSIBILITIES

A. When an extension of the District's 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.

B. When an extension of District facilities is to be installed on lands owned by a governmental agency such as Federal, State, County or City right-of-way, the District will attempt to secure the appropriate easements and/or permits from that agency. When an extension of District facilities is to be constructed on property or right-of-way not under the jurisdiction of a governmental agency, the District will attempt to secure necessary easements and will initially process the easements. The Service Provider shall be responsible for 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 facilities. In the event the District personnel are unable to secure right-of-way easements and/or permits, the Service Provider may assist with negotiating said easements or permits. All costs associated with such negotiations shall be the responsibility of the Service Provider. The District is under no obligation to commence any legal action on behalf of the Service Provider to secure the right-of-way or other easement.

10. DISTRICT OWNERSHIP

The District will be the sole owner of all the line extension facilities upon completion and acceptance by the District.

11. IN-FIELD ESTIMATES

In-field estimates will be offered to Service Providers for construction of short plats of 4 lots or less. Office research and consultation is required for larger line extensions. The District
employees have limitations placed on their ability to provide commitments on line extensions. Estimated costs for in-field estimates will be paid prior to construction.

**12. RE-ENGINEERING FEE**

If a Service Provider desires to change the scope of the job after the engineer has made the initial field visit and begun project design, the Service Provider may be assessed a re-engineering fee. The redesign fee will be 60% of the original engineering portion of the estimated cost. The Service Provider, prior to the engineer’s re-estimating or re-designing the project, must pay this fee.

**EFFECTIVE: JUNE 9, 2003**
FACILITIES CONVERSION POLICY

1. DEFINITIONS AND GENERAL PROVISIONS

This policy covers requests from public agencies and property owners to make modifications, relocations, or underground conversions to Electric Service Facilities not associated with adding new load. These requests may be in conjunction with state highway, county road or city street improvement projects, or as part of a right-of-way 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.

For purposes of this policy, Electric Service Facilities shall be defined as set forth in Utility Service Regulations, Section 2. However, underground foundations or supports for overhead facilities and pad-mounted termination cabinets, transformers, switches and metering equipment will not be subject to undergrounding.

For purposes of this policy, Electric Service Facilities include only those electric facilities with a voltage of less that 34 kV and fiber-optic facilities owned, operated and maintained by the District and used for communications.

This policy is subject to the National Electrical Code standards, other applicable standards, and District staff determination of suitability of Electric Service Facilities placement 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 when relocations, modifications or conversion from overhead to underground of its Electric Service Facilities is in the District's best interests and is cost-effective.

Latecomer fees will not apply to conversions made pursuant to this policy. All costs associated with modifications, relocations, or conversion from overhead to underground will be considered final as described herein.

2. MODIFICATIONS AND RELOCATIONS OF EXISTING FACILITIES

For the purposes of the policy, modifications or relocations of Electric Service Facilities shall be defined as altering the depth, height or physical location of any overhead or underground Electric Service Facilities.
Except as may be required in an applicable franchise, all costs associated with making modifications or relocations will be the responsibility of the requesting party. District engineering staff will provide a fixed cost estimate to the requesting party for any work to be performed by the District. The amount of the fixed cost estimate shall be paid to the District prior to construction. All cost estimates are void and subject to change after sixty (60) calendar days unless payment is made by the requesting party within that sixty-day period and construction commences within thirty (30) calendar days after payment is made to the District.

If the District does the work and physical conditions encountered at the site during installation differ materially from those apparent when the District made its estimate (i.e., subsurface rocks or other concealed physical conditions), the District will notify the customer of the changed conditions. In the event of changed conditions, the fixed cost estimate will be modified and the customer shall pay the District the actual cost of the modification or relocation as soon as notified. Nothing in these regulations shall shift the risk of concealed physical conditions to the District.

Any modifications or relocations of Electric Service Facilities will be subject to the District being provided the appropriate easements or rights-of-way as defined in Section V of this policy. Construction options for relocation or modification projects shall be in accordance with Section IV of this policy.

3. UNDERGROUND CONVERSION

A. 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 an overhead Electric Service Facility 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 installation of the Electric Service Facilities underground, then those Electric Service Facilities will be installed underground. Such funding must be provided in advance to the District. The least-cost option to meet the intended obligations will be used as the base for the estimated comparison.

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 actual construction costs. The costs to be paid to the District include all costs, including but not limited to, coordination costs for undergrounding District Electric Service Facilities and the costs of the District's inspector. 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 pursuant to agreement, such as cable TV and telephone, shall be the sole responsibility of the property owner.

3) All costs of such undergrounding will be paid in advance to the District by the requesting party. The initial payment will be based upon an estimate provided by the District engineering staff. As additional costs are incurred, the requesting party shall immediately pay those costs to the District.

B. UNDERGROUND CONVERSION PROCEDURES

1) Upon receipt of a request to consider undergrounding Service Facilities, District engineering staff will prepare preliminary estimates comparing overhead and underground construction costs. The District will provide a detailed breakdown of total costs for placing overhead Electric Service Facilities underground upon request. These costs include, but are not limited to, labor, materials, transportation, equipment, permitting, contractual, right-of-way acquisition, coordination, inspection and administrative costs. All cost estimates are void after sixty (60) calendar days unless payment is made by the requesting party within the sixty-day period and construction commences within thirty (30) calendar days after payment is made to the District.

2) After preparing the preliminary 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. 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. In general, 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 costs of the project.

4. CONSTRUCTION OPTIONS

A. WORK WITHIN RIGHTS OF WAY

All construction work on public right-of-way or off the requesting party's property must be completed by the District.
B. WORK ON REQUESTING PARTY'S PROPERTY
For construction work on the requesting party's property, the requesting party may request that the District perform the construction. The requesting party may perform the work or contract with another entity to perform the work described in and subject to the conditions set forth in Section D below. All work must be performed in accordance with the pertinent city, county, and state codes 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 construction costs.

C. COMPLIANCE WITH CONSTRUCTION STANDARDS
All work must be completed in accordance with the District's standards for utilities as currently exist and as may be amended. Portions of the work may be performed by the requesting party, however, all work 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
- Acceptance testing performed by a District representative.
- Design & As-Build Approved Drawings & Specifications stamped by a Washington state Professional licensed engineer

D. WORK THAT MAY BE COMPLETED BY REQUESTING PARTY
The following options and conditions apply to work that may be completed by the requesting parties 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.
2) The requesting party may request the District do all the work as outlined above.

3) All work on public right-of-way or off the requesting party’s property must be completed by the District and paid for by the requesting party as set forth in this Policy.

4) Vaults, bases and hand-holes shall be purchased from the District and installed by the requesting party per District standards to ensure compatibility and uniformity with the District’s Electric Service Facilities.

5) The District will provide and install all transformers, wire, connectors, cabinets and other electrical apparatus as needed.

6) 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 in order to meet the applicable construction and electrical standards will be borne by the requesting party.

5. EASEMENT AND RIGHTS-OF-WAY

All work under this policy is subject to acquisition of the necessary easements and rights-of-way, as determined by the District, in order to construct, operate and maintain the Electric Service Facilities. All easements and permits must be final and executed prior to the commencement of any work or construction. Private or public parties requesting modifications, relocations or underground conversion of Electric Service Facilities are required to obtain all easements on forms approved by the District from all 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 Electric Service Facility. 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.

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.

6. OWNERSHIP OF FACILITIES

The District will be the sole owner of all facilities (electric and fiber) upon completion and acceptance by the District.

7. ELECTRIC SERVICE
Utility Services Policies

All matters connected with providing electric service shall be in compliance with the District's Utility Service Regulations and Electrical Service Requirements.

8. REVISION

This policy cancels and supersedes any previous policy for undergrounding of existing overhead distribution lines. This policy may be revised, supplemented or otherwise modified by action of the District's Board of Commissioners.

EFFECTIVE: JUNE 5, 2006
SNAP (Sustainable Natural Alternative Power) Policy

~Policy for SNAP Generation within Chelan County PUD’s Service Territory

1. OVERVIEW

The District, pursuant to RCW 19.29A, is required to offer the District's retail customers a voluntary option to purchase qualified alternative energy resources. These resources may be owned or purchased by the District.

Qualified resources as defined in RCW 19.29A, include facilities fueled by wind, solar energy, geothermal energy, landfill gas, wave or tidal action, gas produced by the treatment of wastewater, qualified hydropower, or biomass energy based on solid organic fuels from wood, forest, or field residues or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol or copper-chrome-arsenic.

The District desires to purchase qualified resources from local producers. To encourage installation of these resources in Chelan County, the District has established a program that allows Chelan County residents to receive a proportionate share of ratepayers' voluntary contributions to the District's alternative energy program and, depending on how the system is metered, receive either a payment from the District based on the wholesale price of energy or a credit on their electric bills pursuant to the Net Metering Policy. This program is called SNAP (Sustainable, Natural Alternative Power). This program includes customers who purchase the qualified resources (called Purchasers) and customers who produce the qualified resources (called Producers). This Policy pertains to the Producers.

Under this policy, the District will interconnect to the District's distribution system customer-owned, qualified resource generation with a capacity of 25 KW or less, herein referred to as SNAP generation. The District will purchase the output from SNAP generation.

All costs associated with interconnecting SNAP generation shall be the responsibility of the Producer, unless exempted under this policy or related agreements.
2. STEPS
The steps required for an interconnecting SNAP generation are as follows:

1. Customer contacts District to determine if the proposed renewable energy system will meet the District's Interconnection Standards.
2. Producer must submit to the District's Energy Services department a completed Application for Interconnection of SNAP Generation and pay the application fee to District.
3. The District's engineers will evaluate the proposed interconnection and determine requirements according to the applicable engineering criteria as detailed below.
4. The Producer must comply with the District engineer's findings.
5. The District will present a Power Purchase and Interconnection Agreement for SNAP Generation to be executed between the District and the Producer.
6. Producer obtains electrical permit from local code authority.
7. Producer (or electrical contractor) installs system. Note that equipment and labor costs to install solar power systems may be exempt from Washington state sales tax.
8. Producer must install District specified labels on electrical disconnects and meter base.
9. Producer must obtain final electrical inspection approval from code authority.
10. Notify District service department of completion.
11. District inspects system and installs production meter.

The applicable engineering criteria prescribe the technical interconnection, protection, and metering requirements for any SNAP generation as adopted by District Engineering Services. The requirements are set forth in the District's Interconnection Requirements for SNAP and Net Metering Generation.

3. CHELAN COUNTY PUD POWER PURCHASING SERVICES FOR SNAP GENERATION
This option is available for any SNAP generation interconnected with the District's electric system according to the District's Interconnection Requirements for SNAP Generation.

The total generation authorized to be purchased by the District under SNAP and the net metering program combined shall not exceed 5 MW.

1. Concept

Generation output will be absorbed by the District.

Annually, the District will pay the Producer for generation received according to the payment methods provided below in Section 4. The payment is comprised of
two components: 1) either a kWh credit resulting from net metering, or a percentage of the corresponding average of the daily Dow Jones Mid-Columbia Firm Index for Light Load Hour (LLH) or mutually accepted subsequent index for the corresponding metering periods, and 2) a portion of the fund comprised of customer purchases of SNAP generation.

SNAP purchases from District customers will be added to a SNAP fund. This fund will be used to pay Producers for their SNAP generation. The SNAP fund will be closed on March 31 of each year and the level of funds as of this date will determine the amount of SNAP funding available for distribution to Producers for the calendar year ending that date.

SNAP fund payments will not exceed $1.50/kWh. Any SNAP funds in excess of this level will be held over to the following year and added to the SNAP fund for the next calendar year. This payment method is dependent on the voluntary purchases of other District customers. If there is no money in this fund the Producers will receive no payment from this fund and the District shall not be required to make this payment from any other fund.

The District will charge a monthly meter fee based on Producer type (Solar Producer, Wind Producer, or Other Alternative Power Producer). This fee is subject to change by the Chelan County PUD Board of Commissioners. The fee is for reading the meter, issuing a statement of energy received by the District and for record keeping and related accounting associated with administration of the program. The fee will also include other fixed costs associated with connecting the Producer to the District’s distribution system (i.e. a dual meter base adapter).

The fee is based on monthly costs, and will be noted on the monthly statement sent to the Producer. The Producer though is not obligated to pay this fee at the time the statement is issued. The Producer’s annual meter fee will be deducted from the annual payment made to the Producer. If the Producer has not generated adequate revenue by December 31st of each year to cover this obligation, the Producer will be sent an invoice by January 31st of each year indicating the amount due to the District. This amount due is subject to payment terms as provided in the District’s Utility Service Regulations, Section 10. Producers that fail to meet this payment obligation will be disconnected and not allowed to participate as a SNAP Producer.

The District will charge an Account Service Charge for establishing the Producers SNAP account. The amount of the charge will be in accordance with District Utility Service Regulations but is not subject to the exceptions noted in the Utility Service Regulations (Section 13, subsection A, paragraph 1).

All Producers will pay an additional $100.00 connection fee, which is due prior to connecting to the distribution system.
Utility Services Policies

Producers will be responsible for all costs associated with a line extension or additional secondary wire, required to connect their SNAP generation to the distribution system.

2. Producer Operational Responsibilities

The Producer shall:

Provide to the District the names and telephone numbers of individuals who may be contacted on operational and emergency matters for each specific generating project.

Be responsible for all maintenance of Producer-owned generation equipment and must ensure that the operation of this equipment does not create any disturbances on the District’s distribution system.

Notify and receive approval by the District prior to increasing generation capacity.

Not interconnect any non-qualified power generating equipment to the Producer’s side of the meter used to measure SNAP generation or to the District’s distribution system.

3. District’s Operational Responsibilities

The District shall:

Provide the Producer names and telephone numbers of District individuals who may be contacted on operational and emergency matters respecting the generating project.

Provide to the Producer a specific project number, which shall be used exclusively in communications respecting the generation from that project.

If practical, provide reasonable advanced notice to the Producer of planned outages that will affect the Producer.

Read the utility meter monthly provided reasonable access and send the Producer a statement indicating the amount of power received by the District.

Annually in April of each year, make wholesale power payments to Producer, through October 1, 2012.

Collect SNAP purchases from retail customers and annually in April of each year distribute SNAP purchases to Producers through October 1, 2012.

4. Payment Methodology for Received Generation
Producers that are not net-metered will receive payments from two sources for the power they generated. One source is directly from the District and is based on the wholesale price of power as described below. The other funding source is from the SNAP fund comprised of Chelan County PUD retail customer purchases of SNAP generation as described in Section 3 above.

Producers that are net-metered will receive a kWh credit for their production according to District's Net Metering Policy and receive a payment from the SNAP fund comprised of District retail customer purchases of SNAP generation as described in Section 3 above.

Producers will receive a payment from the SNAP fund in proportion to their percentage of the total SNAP generation (in kilowatt-hours) delivered to the District. For example, a Producer that delivers ten percent of the total SNAP generation is entitled to ten percent of the SNAP funds. Payments from the SNAP fund are limited to $1.50 per kWh. This source of funds is dependent on voluntary purchases by District customers. The District makes no guarantee on funding available from this source.

Payments to the Producers from both sources will be once a year, on or before April 21. Both payment methodologies are discussed below in Sections 5 and 6.

5. Wholesale Power Payments

This methodology provides for a payment for energy received from Producer generation. The energy received by the District will be purchased from the Producers at 75 percent of the corresponding average of the daily DowJones Mid-Columbia Firm Index for Light Load Hour (LLH) or mutually accepted subsequent index, for the corresponding metering period. (The sales price for monthly sales will be 75 percent of the DowJones Mid-Columbia Off Peak index for the respective hours, covered by the indices for Monday through Saturday, and the Sunday and NERC Holiday Index for all hours on Sundays and NERC holidays.

1. Factors for wholesale power payment methodology:

\[ S_{LLH_{m}} \] – Average of daily DowJones Mid-Columbia Firm Index for Light Load Hour (LLH) for a given metering period, not to exceed $250 per MWh

\[ LLHP \] – Percentage of monthly average of daily DowJones Mid-Columbia Firm Index for Light Load Hour (LLH) to be paid to Producers (currently 75%)

\[ G_{m} \] – Individual Producer generation for a given metering period (kWh)

2. Payment Calculation:

\[ \text{District Energy Payment} = \sum (S_{LLH_{m}} \times LLHP \times G_{m}) / 1000 \]

6. SNAP Payments
Utility Services Policies

The District solicits voluntary purchases from its customers to purchase power from SNAP generation. The District passes 100 percent of these purchases to the participating Producers, based on the following methodology:

1. Factors for SNAP payment methodology:
   i) $G_m$ - Total Annual Producer generation per generator (kWh)
   ii) $G_a$ - Total Annual Producer generation for All Producers (kWh)
   iii) $SNAP_p$ - Total balance in the SNAP fund ($) (Annual SNAP purchases plus any carryover from the previous year)

2. Payment Calculation:

   \[
   \text{SNAP Energy Payment} = \frac{(SNAP_p \times G_m)}{G_a} \text{ not to exceed } $1.50/kWh
   \]

3. SNAP payments are limited to $1.50 per kWh and to the availability of SNAP funds. If the $1.50 per kWh price cap results in money remaining in the SNAP fund after payments are made to the producers, this money will be rolled back into the fund and used for payments in the following year. If there is no money in the fund, then no SNAP fund payments will be made.

7. Meter Fees

   The monthly meter fee is for reading the meter, issuing a statement of energy received by the District and for record keeping and related accounting associated with administration of the program. The fee also includes other fixed costs associated with connecting the Producer to the District's distribution system. Although this fee will appear on the monthly statement, the Producer is not required to pay the fee at the time statement is issued. The monthly fees will be deducted from the annual payment made to the Producer.

   If the Producer has not generated adequate revenue by December 31 of each year to cover this obligation, the Producer will be sent an invoice by January 31 of each year indicating the amount due to the District. This amount due is subject to payment terms as provided in the District's Utility Service Regulations, Section 10. Producers who fail to meet this payment obligation will have the SNAP meter disconnected and will not be allowed to participate as SNAP Producers until the account is current.

1. Factors for monthly meter fees
   i) $M$ - Monthly meter fees

   **Total Annual Payment to Producer Equals the sum of the Wholesale Power Payment and the SNAP Payment less the Meter Fees**

4. TESTING AND INSPECTIONS
Utility Services Policies

The District will require that each system be tested and inspected for safety requirements as included in the District's Interconnection Standards for Customer-Owned Generating Facilities 25 kW or Less. The cost of these tests is included in the connection fee.

Further tests may be required on individual systems. The Producer will be responsible for the costs of testing inverters and power generating equipment that does not meet UL 1741. The Producer must allow the District the necessary access to perform the test.

5. TRANSFERRING TO THE DISTRICT'S NET METERING PROGRAM

The District will transfer Producers to the District's Net Metering Program within 30 days after receiving a written request from the Producer. The final reading will be used to calculate the Producer's annual payment as described in Section 3.

Producers will be responsible for all costs associated with changes to their facilities that will allow participation in the Net Metering Program. To transfer back to the SNAP program, the Producer will be required to pay the applicable service connection fees and the Account Service charge as described in Section 3.

6. EQUIPMENT AND INTERCONNECTION REQUIREMENTS

The Producer must install all equipment necessary to meet applicable safety, power quality, and interconnection requirements established by the National Electrical Code, National Electrical Safety Code, the Institute of Electrical and Electronics Engineers (IEEE), and Underwriters Laboratories (UL) and the District's Utility Service Regulations. This includes but is not limited IEEE 929 and UL 1741.

7. INSURANCE REQUIREMENTS

Producers with SNAP generation will not be required to carry liability insurance with the District as a named insured if their system and equipment meets the requirements provided in Section 6.

8. DAMAGE TO DISTRICT FACILITIES

If Producer's generating facilities cause damage to the District's electric system and/or facilities, Producer shall be responsible for all costs associated with the repair and/or replacement of such facilities or equipment. If Producer's facilities in any way cause a loss or damage to the District's other customer, retail or wholesale, Producer shall be responsible for such damages, claims and losses.

If Producer's generating facilities cause damage to or interfere with District or its customer's facilities, the District will disconnect the Producer's facilities from the District's system until the cause of the damage or interference is remedied.

PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY  Adopted: April 21, 2008
9. DISTRICT UTILITY SERVICE REGULATIONS

Service under policy is subject to the rules and regulations as defined in the District's Utility Service Regulations.

10. DISCONNECTION OF PRODUCER’S GENERATION

If at the District's sole discretion the Producer is found to be in violation of any part of this policy, the District will disconnect the Producer's generation by locking out the disconnect switch until the violation is corrected. If the District has reason to believe the Producer has connected non-qualified generation, the District will disconnect the Producer’s generation by locking out the disconnect switch until the District is satisfied that there is no non-qualified generation connected to the District's system.

If at the District's sole discretion it is determined that the Producer has connected non-qualified generation to the SNAP generation system and is delivering power to the District through the SNAP meter, the District will remove the SNAP meter and the Producer will no longer be eligible to participate in the SNAP program.

11. SNAP GENERATION FEES

1. AVAILABILITY:

These fees apply to Customer/Producers within the District’s service territory that connect approved sustainable, natural alternative power (SNAP) generation resources to the District’s distribution system. Qualifying resources include wind, solar, geothermal, qualified hydro, biomass and any other District approved generation.

2. CHARACTER OF SERVICE:

Service to be furnished under this Policy is subject to the Policy for Renewable Energy Cost Recovery within Chelan County PUD's Service Territory, Interconnection Requirements for SNAP and Net Metering Generation and execution of a Power Purchase and Interconnection Agreement For SNAP Generation.

3. METERING:

Metering of energy delivered to the District is through a separate meter supplied by the District.

   FEE:
   Meter Fee:   $3.85 per month per meter

4. TAX ADJUSTMENT:
Utility Services Policies

The amount of tax levied by any city or town in accordance with R.C.W. 54.28.070, of the Laws of the State of Washington, will be added to the above charges if applicable.

Effective: JANUARY 1, 2008
Policy For Providing Incentives to Support Renewable Energy Under RCW 82.16.110 et. seq.

1. DEFINITIONS

The District hereby adopts those definitions set forth in RCW 82.16.110 as now exist or as may be hereafter amended, which when applied to the District currently read as follows:

1. "Customer-generated electricity" means the alternating current electricity that is generated from a renewable energy system located on the real property of an individual, business, or local government agency that is also provided electricity generated by the District. A system located on a leasehold interest does not qualify under this definition. "Customer-generated electricity" does not include electricity generated by the District or a gas distribution business.

2. "Economic development kilowatt-hour" means the actual kilowatt-hour measurement of customer-generated electricity multiplied by the appropriate economic development factor.

3. "Photovoltaic cell" means a device that converts light directly into electricity without moving parts.

4. "Producers" mean customers who produce the qualified resources from a renewable energy system.

5. "Purchasers" mean customers who purchase the qualified resources from a renewable energy system.

6. "Renewable energy system" means a solar energy system, an anaerobic digester as defined in RCW 82.08.900, or a wind generator used for producing electricity.

7. "Solar energy system" means any device or combination of devices or elements that rely upon direct sunlight as an energy source for use in the generation of electricity.

8. "Solar inverter" means the device used to convert direct current to alternating current in a photovoltaic cell system.

9. "Solar module" means the smallest nondivisible self-contained physical structure housing interconnected photovoltaic cells and providing a single direct current electrical output.

10. "Standards for interconnection to the electric distribution system" means technical, engineering, operational, safety, and procedural requirements for interconnection to the electric distribution system of the District.
2. OVERVIEW

The District, pursuant to RCW 82.16.110 through RCW 82.16.140 approved by the Washington State Legislature effective July 1, 2005, is authorized to offer the District’s customers incentives for installing renewable energy generation. As established by the Legislature, any individual, business, or local governmental entity not in the light and power or gas distribution business may apply to the District, each fiscal year beginning on July 1, 2005, for an investment cost recovery incentive for each kilowatt-hour from a customer-generated electricity renewable energy system installed on its property that is interconnected to the electric distribution system.

These incentives for installing renewable energy generation are available to certain customers who are participating producers under the District’s Sustainable Natural Alternative Power (SNAP) program as well as to those who are not participating producers under that program.

The legislature found and the District concurs, that “The use of renewable energy resources generated from local sources such as solar and wind power benefit our state by reducing the load on the state's electric energy grid, by providing nonpolluting sources of electricity generation, and by the creation of jobs for local industries that develop and sell renewable energy products and technologies. The legislature finds that Washington State has become a national and international leader in the technologies related to the solar electric markets. The state can support these industries by providing incentives for the purchase of locally made renewable energy products. Locally made renewable technologies benefit and protect the state's environment. The legislature also finds that the state’s economy can be enhanced through the creation of incentives to develop additional renewable energy industries in the state. The legislature intends to provide incentives for the greater use of locally created renewable energy technologies, support and retain existing local industries, and create new opportunities for renewable energy industries to develop in Washington State.”

3. STEPS

In addition to those steps set forth in the SNAP Policy, Section 2, A through K adopted herein by this reference as if fully set forth, the following is a general description of the steps involved in receiving the renewable energy cost recovery incentive from the District. Detailed rules governing the payment of the renewable energy system cost recovery incentive are provided in Washington’s Administrative Code (WAC 458-20-273) which are adopted by this reference, as now exist or as may be hereafter amended.

A. Producer submits Renewable Energy System Cost Recovery Certification Form to the state of Washington Department of Revenue (DOR). Within thirty days of receipt of the certification the Department of Revenue will advise the applicant in writing whether the renewable energy system qualifies for an incentive. The business may consult with the Climate and Rural Energy Development Center to determine eligibility for the incentive payment. Incentive certifications and the information contained therein are subject to disclosure under RCW 82.32.330(3)(m)
B. Producer operates system.

C. Customer submits DOR Renewable Energy System Cost Recovery Annual Incentive Payment Application to District each year before August 1 of each year. Within 60 days of receipt of the incentive certification the District shall notify the applicant in writing whether the incentive payment will be authorized or denied.

D. District sends Producer state production incentive payment after August 1 of each year. No incentive may be paid for kilowatt-hours generated before July 1, 2005, or after June 30, 2014.

Persons receiving incentive payments shall keep and preserve, for a period of five years, suitable records as may be necessary to determine the amount of incentive applied for and received. Such records shall be open for examination at any time upon notice by the District or by the Department of Revenue. If upon examination of any records or from other information obtained by the business or department it appears that an incentive has been paid in an amount that exceeds the correct amount of incentive payable, the District may charge the person for the amount found to have been paid in excess of the correct amount of incentive payable and shall add there to interest on the amount. Interest shall be assessed in the manner that the department assesses interest upon delinquent tax under RCW 82.32.050.

If it appears that the amount of incentive paid is less than the correct amount of incentive payable, the District may authorize additional payment.

The Customer's incentive payment is calculated using a formula summarized in the chart below. First the incentive payment may be paid at 15 cents per "economic development kilowatt-hour." An economic development kilowatt-hour is the actual kilowatt-hour measurement of the Customer-generated electricity multiplied by the appropriate economic development factor. The economic development factors for renewable energy system are:

A. Two and four tenths (2.4) for systems that generates electricity using only solar modules manufactured in Washington;

B. One and two tenths (1.2) for a solar or wind system that uses an inverter manufactured in Washington;

C. One and zero tenths (1.0) for a wind system that uses only blades manufactured in Washington, or a system that uses anaerobic digester gas, or a system that is not covered under (a) or (b) above; and

D. Eight tenths (0.8) if the system is a wind generator with blades not manufactured in Washington.
Utility Services Policies

Annual Investment Cost Recovery Incentive Payment Calculation Table

<table>
<thead>
<tr>
<th>Customer-generated power</th>
<th>Base rate (0.15) multiplied by applicable factor equals incentive payment rate</th>
<th>Kilowatt-hours generated</th>
<th>Incentive payment amount equals incentive payment rate multiplied by kilowatt-hours generated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar modules manufactured in Washington state Factor: 2.4 (two and four-tenths)</td>
<td>$0.36</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solar or wind generating equipment with an inverter manufactured in Washington state Factor: 1.2 (one and two-tenths)</td>
<td>$0.18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anaerobic digester or other solar equipment or wind generator equipped with blades manufactured in Washington state Factor: 1.0 (one)</td>
<td>$0.15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All other electricity produced by wind Factor: 0.8 (eight-tenths)</td>
<td>$0.12</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The factors are cumulative. For example, if a Customer’s system is solar and has both solar modules and an inverter manufactured in Washington state, the economic development hours will be multiplied by a factor of three and six tenths (3.6) (computed 2.4 plus 1.2). Therefore a Customer would multiply the 15-cent base rate per actual kilowatt-hour generated by a system by three and six tenths (3.6) to get a total incentive payment rate of $0.54 per kilowatt-hour. Other solar equipment refers to systems that do not have modules or an inverter(s) manufactured in Washington State and therefore qualify for just $0.15 per kilowatt hour generated.

No individual, household, business, or local governmental entity is eligible for incentives of more than $2,000 per year. If requests for the investment cost recovery incentive exceed the amount of funds available for credit to the District, the incentive payments shall be reduced proportionately. The Climate and Rural Energy Development Center at the Washington State University Energy Program may establish guidelines and standards for technologies that are identified as Washington manufactured and therefore most beneficial to the state’s environment. The environmental attributes of the renewable energy system belong to the applicant, and do not transfer to the state or the District upon receipt of the investment cost recovery incentive.
Policy on customer purchases of SUSTAINABLE NATURAL ALTERNATIVE POWER

SNAP is a program offered by the District to encourage the support of qualified alternative energy resources within the District's service territory. Customers support the program through voluntary purchases of qualified alternative energy resources (SNAP generation) by paying additional money over and above their regular utility bill. (For the SNAP program these customers are referred to as Purchasers. For the sake of clarity in this section, Purchasers will be referred to as customers).

Through this program, customers can purchase SNAP generation by contributing money over and above their regular utility bill. This additional money is kept in a SNAP fund, which is then passed on to SNAP Producers once a year as per the Policy For SNAP Generation Within Chelan County PUD's Service Territory.

Customers can commit to purchase SNAP generation for a two-year period. The amount of the commitment will appear on their bill as a reminder of the commitment. Customers though are not obligated to include the purchase with their utility bill. Non-payment of the voluntary purchase will not subject customers to late fees or disconnection. Customers can be relieved of the commitment by sending a written notice to the District 30 days prior to the date they wish to end the commitment.

Voluntary purchases are only applied to the SNAP fund if the total amount paid by the customer, including the SNAP purchase, is above all other amounts owed by the customer. District practice is that late fees are paid first, followed by return check charges, service charges and the regular utility bill. If a customer has indicated that a SNAP purchase is included in his or her payment, all other charges will be deducted prior to crediting the customer's voluntary purchase to the SNAP fund.

Customers with credit balances who have committed to a monthly SNAP purchase will have the SNAP purchase deducted from their credit balance.

Customers on automatic payment plans who have committed to a monthly SNAP purchase will have the purchase added to their automatic payment. The purchase will only be added if the customer has signed a program registration card. Customers must provide the District thirty (30) days notice to terminate the automatic purchase.

SNAP purchases cannot be applied to the regular bill once they have been transferred to the SNAP fund. In April, customers will receive an annual statement of the total SNAP purchases they contributed for the preceding twelve (12) months.
Utility Services Policies

Customers can sign up for the program at any time, but the purchases will not be prorated based on the date the customer signs up for the program. The full amount of the monthly commitment will be indicated on the customer's next bill regardless of when the customer makes the commitment.
NET METERING PROGRAM

1. AVAILABILITY:

The Net Metering Program is available to customers who have an electric generator that has a nameplate capacity of not more than one hundred (100) kilowatts and who purchase electric power from the District under the provisions of another District rate schedule, and who sign a Power Purchase and Interconnection Agreement with the District allowing them to interconnect to and operate in parallel with the District electric distribution system. The Net Metering Program is available to new participants until such time as the cumulative nameplate capacity of generators participating in the program exceeds 1.065 megawatts (0.25 percent of the District's peak demand in 1996). On January 1, 2014 the cumulative generating capacity available to net metering systems will equal 0.5 percent of the utility's peak demand during 1996. Not less than one-half of the utility's 1996 peak demand available for net metering systems shall be reserved for the cumulative generating capacity attributable to net metering systems that generate renewable energy which is defined by R.C.W. § 80.60.010(12), and includes water, wind, solar energy, or biogas from animal waste as fuel.

The commission may adopt additional safety, power quality, and interconnection requirements for customer-generators that the commission determines are to protect public safety and system reliability.

2. BILLING ADJUSTMENT:

The District's charges for electric energy are adjusted for customers who sign and comply with a Power Purchase and Interconnection Agreement as follows:

The customer shall pay for the net energy used by the customer in accordance with the following formula: (a) the customer shall pay for all electric energy used in any billing period in excess of the amount of electricity produced by the customer during that billing period; (b) the customer shall receive a credit for all electric energy produced during a billing period in excess of the amount of electric energy supplied by the District during that period, such credit to be applied to the customer's future electric bills; provided however that; (c) any energy balance remaining in favor of the customer under the provisions of subparagraph (b) on April 30 of each calendar year shall be zeroed out with no further liability to the District and no credit to the customer for that balance. For the purposes of the Net Metering Program, "billing period" shall be the billing period applied to customers of the same class and in the same geographic area as a customer participating in the Net Metering Program. The price for electric energy provided to or credited to a customer under the Net Metering Program shall be the price charged for such electric energy by the District under the provisions of the rate schedule under which the customer receives service; as such rate schedule may be revised from time to time.
by the District’s Board of Commissioners. A customer participating in the Net Metering Program shall be billed on the schedule applicable to customers in the same class and geographic area as that customer and shall be subject to the payment terms specified in the District’s Utility Service Regulations.

The Net Metering Program billing adjustment only applies to charges for energy. A customer participating in the Net Metering Program is subject to all other charges, rates, terms and conditions, including any minimum charges, of the District rate schedule under which the customer receives service.

EFFECTIVE: DECEMBER 18, 2006