

## BUSINESS PROCEDURE

<b>EVERSOURCE</b>	SUBJECT	NUMBER
	PRIMARY EXTENSIONS	NB-12
DATE REVISED June 1, 2017	DATE EFFECTIVE May 1, 2018	ISSUED BY Director - Distribution Engineering

### PURPOSE

To set forth a policy and procedure for uniform system response to requests for primary overhead (OH), conduit system (CS) or underground (UG) extensions or modification of single-phase lines to three-phase, on town roads, state highways, or easement areas.

### SCOPE

This policy applies throughout the EVERSOURCE service territory in CT.

### POLICY

- A) Company policy is to extend primary distribution or to modify single-phase distribution to three-phase on town roads, state highways, or rights-of-way upon request, at no cost to a customer, provided the estimated construction cost does not exceed 6.7 times the anticipated Annual Distribution Company Revenue from the new three-phase services. For the purposes of this procedure, Annual Distribution Company Revenue is further explained in paragraph B under PROCEDURE below.
- B) When the estimated construction costs are expected to exceed 6.7 times the anticipated Annual Distribution Company Revenue, the customer must pay a refundable advance equal to the difference between the construction costs and 6.7 times the anticipated Annual Distribution Company Revenue. The customer must also pay an advance for any associated CIAC tax liability. This advance will be held in an advance account for a period of up to four years from the completion of the extension and the advance will not accumulate any interest. Refunds will be made from this advance only if additional loads (including loads from other new customers with three-phase services) are connected within the four-year period. The refund will be equal to 6.7 times the actual Annual Distribution Company Revenue from the additional loads, plus the appropriate portion of the original CIAC tax liability, up to the total amount of the original advance. If no additional loads are added, no refunds will be made.

At no time will the total of all refunds exceed the amount of the original advance. No refunds will be made after four years from the completion of the extension.

- C) In addition to the advance set forth in paragraph B above, an additional refundable advance equal to the lower of the construction cost or 6.7 times the anticipated Annual Distribution Company Revenue may be required from the customer in any instance where there is a significant risk that the Company's new construction may not be used to the extent specified by the customer in the request within one year after completion of the extension. This additional advance amount will be refunded when the extension is put to full use, as specified in the customer's request. Full use will be considered to have been achieved when revenue for a two-month period equals or exceeds one-sixth of the anticipated Annual Distribution Company Revenue. This must be achieved within four years of the completion of the extension.

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- D) When the customer requests CS or UG construction and the Company agrees that the construction is appropriate for the location, the customer will pay a nonrefundable contribution equal to the differential cost between a standard OH system and the agreed upon system.
1. Tree trimming, tree removal, rock boring and blasting costs will be paid for or provided by the customer.
  2. Trenching, conduit, concrete products, road crossing, backfill and restoration, as required for a CS electric extension will be provided by the customer. Back-fill material must not contain large stones or boulders which could damage the conduit and/or conductors. The customer will supply "warning" tape to be installed in the trench 12" above the conduit or conductors.
- E) When the three-phase extension will satisfy a Company need, customer charges, as defined above, will be reduced accordingly.

### PROCEDURE

- A) Upon receipt of a customer request for a service beyond existing primary distribution, the Company will develop the cost estimate of the necessary primary extension or the modification cost to change single-phase distribution to three phases.
1. Primary extension cost estimates will include all costs of the extension.
    - The cost estimate will include a credit allowance for up to one half mile of overhead single phase construction for a single new customer and one mile for two or more new customers.
  2. Modification from single-phase to three-phase cost estimates will include all costs (i.e. labor, materials, tree trimming, additional conductors, larger poles, and additional anchors).  
The costs for pole replacements due to age will not be included since they represent a general expense in keeping a distribution system in proper operating condition.
- B) Upon completion of estimated construction costs, the Company representative will determine the amount of any required customer advance. The customer advance will be the amount of construction cost, less 6.7 times the anticipated Annual Distribution Company Revenue (approved 'Distribution' or 'D' component of unbundled rates) from the new loads. (The anticipated Annual Distribution Company Revenue determination shall be based on the first full year of operation after a "start-up" period of six months or less.) An "Agreement for Primary Extensions" (see Exhibit I) will be prepared for execution by the customer and the Company. If the customer is requesting three-phase service for a residence in Connecticut, a "plain language" contract will be required and the Energy Delivery Business Policy Administrator should be consulted to obtain the contract form. Customer advances will be credited to:

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AU	CCC	In Blank Column
1D	349	25201

1. At the conclusion of each year during the first four years of operation, the Company will review the extension to determine if a refund is due. The Company will determine if there were any new customers with three phase service or other three-phase load additions and also determine the additional Annual Distribution Company Revenue received from these additions during the prior year. The Company will then authorize refunds when appropriate, charging:

AU	CCC	In Blank Column
1D	349	25201

2. Contributions received for the CS or UG differential costs should be assigned to the CCC of the Area Work Center, using the accounting distribution and activity codes of the work order.
- C) When there will be a greater than a one year delay between the construction of the extension and the customer's anticipated full use, the Company may also require an additional refundable advance, equal to the lower of the construction cost or 6.7 times the anticipated Annual Distribution Company Revenue. Paragraph 3.b. of Exhibit I, "Agreement for Customer Advance," should reflect this additional advance. If this additional advance is not required, zeros should be entered in Paragraph 3.b., indicating that there was no additional advance. Refunds of the additional advance shall be made as soon as the customer's use of the extension is substantially equivalent to that anticipated, as evidenced when Distribution Company Revenue for a two-month period equals or exceeds one-sixth of the anticipated Annual Distribution Company Revenue. Accounting will be the same as in paragraph B under PROCEDURE, above.
1. The Company representative will record the effective date of the Agreement, both in the appropriate customer file and in a reminder file that will provide for annual reviews.

NB-12

EXHIBIT I

AGREEMENT FOR CUSTOMER ADVANCE FOR PRIMARY EXTENSION

Agreement made this \_\_\_\_\_ day of, \_\_\_\_\_, between EVERSOURCE (the Company), having its principal office at 107 Selden Street, Berlin, Connecticut, and \_\_\_\_\_ (the Customer).

In consideration of the premises and of the mutual covenants herein contained, the Company and the Customer agree as follows:

1. The Company shall extend its electric circuit approximately \_\_\_\_\_ feet in a (N, E, S or W) direction along \_\_\_\_\_ (street) \_\_\_\_\_ in the \_\_\_\_\_ (City, Town) of \_\_\_\_\_.
2. The Customer shall, within thirty days of the Company's completion of the extension, connect the Company's circuit with the Customer's premises located on \_\_\_\_\_ (street), \_\_\_\_\_ (town), \_\_\_\_\_ (the Premises) and thereafter, the Customer shall take and pay for electric service received there from at the regular scheduled rate charged by the Company for such service.
3. It is agreed that the estimated cost of the Company investment in the primary extension is \_\_\_\_\_ dollars (\$\_\_\_\_\_). It is further agreed that the Company's anticipated Annual Distribution Company Revenue from the electric usage at the Premises, based on the approved Distribution Charge, is \_\_\_\_\_ dollars (\$\_\_\_\_\_). This anticipated Annual Distribution Company Revenue will support an extension cost of dollars \_\_\_\_\_ (\$\_\_\_\_\_).
  - a) Recognizing that the anticipated Annual Distribution Company Revenue from electric usage at the Premises is insufficient to support the Company's investment in the primary extension, it is agreed that the Customer will advance to the Company \_\_\_\_\_ dollars (\$\_\_\_\_\_ ) for the extension and \_\_\_\_\_ dollars (\$\_\_\_\_\_ ) for CIAC tax liability, calculated at \_\_\_\_\_%, for a total advance of \_\_\_\_\_ dollars (\$\_\_\_\_\_). The Company shall pay no interest for the period that it holds the Customer's advance. A portion of this advance may be refunded to the Customer, without interest, as a result of the Customer's additional three-phase load or new three-phase services for others who benefit from the extension. The Customer will be eligible for refunds at the end of each of the first four (4) years from the effective date of this Agreement. Each year, the refund will total no more than 6.7 times the actual Annual Distribution Company Revenue of the new load additions installed in that year, plus the residual of the associated CIAC tax liability. In no event shall the Company be obligated to refund a total amount in excess of the total of \_\_\_\_\_ dollars (\$\_\_\_\_\_ ) advanced by the Customer, nor any amount based on revenue received after four (4) years from the effective date of this Agreement.
  - b) Also recognizing that the anticipated Annual Distribution Company Revenue will not be received by the Company immediately at the conclusion of the Company's construction, it is further agreed that the Customer will pay the Company an additional advance of \_\_\_\_\_ dollars (\$\_\_\_\_\_ ) which will be refunded, without interest, when the total Customer Distribution Company Revenue for a

two-month period equals or exceeds one-sixth of the anticipated annual Distribution Company Revenue. The Customer shall also pay the Company \_\_\_\_\_ dollars (\$\_\_\_\_\_) representing the CIAC tax liability, calculated at \_\_\_\_\_%, for the additional advance. The residual amount of the CIAC tax liability will be refunded with the refund of the additional advance.

c) (Optional) The Customer has requested that the extension be (conduit system or underground) and the Company has agreed to provide such construction. It is agreed that the customer shall make a nonrefundable contribution of \_\_\_\_\_ dollars (\$\_\_\_\_\_) and \_\_\_\_\_ dollars (\$\_\_\_\_\_) for the associated CIAC tax liability, calculated at \_\_\_\_\_%, to cover additional costs versus standard overhead construction.

4. The Customer shall make all advance payments to the Company prior to the start of construction.

5. The Company shall have the right to refund at any time, without interest, the total un-refunded balance of the amount advanced by the Customer and after such refund has been made the Company shall be under no obligation to make any further payment or refund of any kind to the Customer.

6. The Company shall not be required to supply service under this Agreement in less than 30 days after the date of the Customer's advance payment and the recording of all required easements with the Town Clerk.

7. The circuit and other facilities installed under this Agreement shall be and remain the sole property of the Company and the Company shall have the right, at its option, to serve other customers from this circuit and extensions thereto.

8. The Customer shall assist the Company in securing any necessary easements for setting poles and erecting wires for the above-described circuit, and the Company shall not be bound to construct such circuit unless and until such easements are secured without expense to the Company.

9. The effective date of this Agreement shall be the date shown above.

10. This Agreement shall not bind the Company until it has been approved by a duly authorized representative of the Company and a duplicate shall have been signed by such representative on behalf of the Company.

11. This Agreement shall not be assignable by the Customer.

The laws of the State of Connecticut shall govern all questions as to the execution, nature, obligation, construction, validity, and performance of this Agreement.

12. The entire Agreement between the parties is contained herein and this Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof.

13. Amendments. No purported amendment or modification of this Agreement shall be effective unless in writing and executed on behalf of the party against whom it is to be enforced.

14. Severability. If any of the provisions of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable the entire Agreement, but rather the entire Agreement shall be construed as if not containing the particular invalid or unenforceable provision or provisions, and the rights and obligations of the Company and the Customer shall be construed and enforced accordingly.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_.

Accepted:

\_\_\_\_\_  
(Name of Customer)

Witnesses:

\_\_\_\_\_  
\_\_\_\_\_

By \_\_\_\_\_  
(Name and Title)

Eversource Energy

Witnesses:

\_\_\_\_\_  
\_\_\_\_\_

By \_\_\_\_\_  
(Name and Title)