

MINNESOTA POWER & LIGHT COMPANY
ELECTRIC RATE BOOK - VOLUME I

 SECTION VI PAGE NO. 4
 REVISION 8th Revised
EXTENSION RULES
I. GENERAL

The following rules shall govern the extension of Company's electric transmission/distribution lines and service connections in all areas served by Company to all classes of retail Customers requiring Company's standard single or three phase electric transmission/distribution service.

The standard type of extension shall be the most feasible and economical as determined by the Company and shall be constructed in accordance with Company's Engineering Standards. When conditions require extensions from or connections to lines of voltages other than the standard voltage or where line construction other than Company's standard construction is required including alternate feeders, Company reserves the right to make adjustments to these rules for such non-standard extensions.

Except when meter pedestals for underground service have been installed, all facilities installed by Company on either side of the point of delivery and not expressly sold and conveyed to Customers by written agreement shall at all times remain the sole property of Company, irregardless of any Contributions in Aid of Construction paid by Customers. When meter pedestals have been installed by Company, Customer shall be responsible for installing and will remain the sole property owner of all facilities on Customer's side of the meter. In case of cancellation of Customer's service agreement for any cause, Company shall have the right to remove all facilities installed for serving Customer.

Service will be supplied in accordance with Company's schedules for the respective classes of service in the respective rate areas, Company's Electric Service Regulations and the provisions of these Extension Rules.

II. EXTENSION COST

The "Extension Cost" is the estimated cost of extending lines and the addition or relocation of facilities to serve new Customers or new loads. This shall be the total cost of extending the line, including all branch or lateral lines, but excluding the cost of transformer, meter and any system betterments. The Extension Cost shall include the customer's choice of either an overhead or underground service drop and projections of special condition costs anticipated.

III. CONTRIBUTIONS

The "Contribution in Aid of Construction," hereafter referred to as Contribution, is the additional amount required to support the Company's Extension Cost. Where a line extension other than Company's standard type extension is required, including alternate feeders, a Contribution shall be required to support any additional cost of such non-standard extension.

Any customer may pay all or part of a Contribution required of another Customer with such other Customer's authorization, and subject to acceptance by Company.

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IV. BASIS FOR MAKING EXTENSIONS FOR PERMANENT SERVICE WHERE EXTENSION COSTS ARE \$30,000 OR LESS

If the Extension Cost does not exceed \$850 and Company's standard type construction is used in making the extension, Customer shall not be required to make payment to Company for the Extension Cost. If the Extension Cost exceeds \$850, and is for single phase service, customer must pay Company in advance a Contribution for the Extension Cost in excess of \$850. If the Extension cost exceeds \$850 and is for non-single phase service, Customer has the following options:

1. Pay Company in advance a Contribution for the Extension Cost in excess of \$850, or
2. No advance contribution for extension costs will be required, if the customer enters into a five year Electric Service Agreement where the Company's costs relating to the entire extension are equal to or less than three times the Customers guaranteed annual revenues, or
3. If the Customer enters into a five year Electric Service Agreement where the Company's costs relating to the entire extension are greater than three times the Customer's guaranteed annual revenues, the Customer will be required to pay the Company in advance a Contribution for the balance of the Extension Cost not supported by guaranteed annual revenues.

The annual revenues used in the Electric Service Agreement shall be estimated by Company and determined under the existing rate schedule for providing service to the Customer.

Developers of Residential Housing Sites

A Developer of residential housing sites requiring electric service must make a Contribution equal to the Extension Cost, but excluding the cost of service drops. As customers are connected Developer is entitled to receive a refund for each customer connected of \$850 less the estimated cost of the service drop for that customer. However, in no event will the total refund exceed the Contribution. After Developer has received the maximum allowable refund or after the initial five years, whichever occurs first, customers requesting service to additional lots for which the extension was made shall make appropriate arrangements directly with Company in order to satisfy additional extension costs related to the respective service connections.

V. BASIS FOR MAKING EXTENSIONS FOR TEMPORARY SERVICE

"Temporary Service," for purposes of these Extension Rules, is service to a Customer whose use of that service, in the Company's judgment, may be of less than five years duration, or is service to a Customer who is unwilling to enter into an Electric Service Agreement having a minimum term of five years.

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Customers expected to take service for less than one year duration shall be required to take such service in accordance with Company's Temporary Service Rider to the applicable General Service Schedules.

Customers expected to take Temporary Service for more than one year but less than five years will be served under the Company's standard rate schedules. Such customers with requirements of 500 kW or more shall enter into a contract for a minimum term of one year.

Prior to installation Temporary Service Customers shall pay a Contribution equal to the estimated cost of installation and removal, less salvage, of the facilities required to render Temporary Service. Where the actual cost is different from the estimated costs upon which the advance payment was based, as determined upon termination of Temporary Service, Company will refund any excess payment made by Customer or render a bill for any additional amounts due.

A connection to a permanent service for power used during construction is not considered to be Temporary Service under these rules.

VI. REAPPORTIONMENT AND REFUNDS

When the Extension Cost is \$30,000 or less and additional Customer(s) are connected to a line extension during the initial five year period of any Customer on the extension, the Extension Cost(s) of all previously connected Customer(s) on the extension will be reapportioned among all Customers served from the combined line extension, including the Customer(s) who are being added to the extension. The reapportionment shall be calculated such that each individual customer on the line extension shall be responsible for:

1. The cost of that portion of the extension which services only that individual Customer; plus
2. The cost of that portion of the line extension which that individual Customer shares with other Customers on the line extension divided by the total number of Customers who share such portion of the line extension.

After reapportionment it will be determined whether the previously connected Customer(s) are entitled to a refund and/or reduction of Guaranteed Annual Revenue. If a refund is due, the amount to be refunded shall be the difference between the previous and reapportioned Extension Costs, provided that such refunds will not:

1. Exceed the actual Contribution paid by the respective Customer.
2. Be made to any Customer after the expiration of the initial five year period of that Customer.
3. Be made after Customer terminates service.

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When a Customer who has paid a Contribution terminates service within the initial five year period and another Customer immediately commences taking service at the same premises, such Customer may transfer his right to future refunds, if any, to the new Customer, provided an agreement covering such transfer is executed by the Customers and accepted by the Company at the time the new Customer applies for service. If the Customer terminating service had entered into an Electric Service Agreement, such transfer of rights will be acceptable to the Company when the new Customer has entered into an Electric Service Agreement guaranteeing annual revenues equal to the amount specified in the current agreement.

Following the initial five year period of the most recently connected Customer(s) on the extension, any line extension necessary to serve additional Customers will be considered as a separate extension not affecting Customers connected previously.

Following the expiration of Customer's five year Electric Service Agreement, the annual revenue guarantee will be discontinued for purposes of supporting the line extension and Customer will continue to be served under the provisions of the applicable rate schedule.

When the Extension Cost is \$30,000 or less and the Customer has entered into an Electric Service Agreement and paid a Contribution, the Company will, at the end of the first two years of the Electric Service Agreement, determine the Customer's average annual revenue for the first two years and, if it differs from the minimum annual revenue which Customer elected to guarantee, the Company will, at the election of the Customer:

1. Refund to the Customer all or a portion of the Contribution but not to exceed an amount equal to the difference between the extension cost supported by the average annual revenue for the first two years and the extension cost supported by the minimum annual revenue the Customer elected to guarantee, and increase the minimum annual guarantee for the remaining years of the agreement to correspond with the new contribution, if any; or
2. Collect an additional contribution from the Customer not to exceed an amount equal to the difference between the extension cost supported by the average revenue for the first two years and the extension cost supported by the minimum annual revenue the Customer elected to guarantee, and decrease the minimum annual guarantee for the remaining years of the agreement to correspond with the new contribution; or
3. Continue the minimum guaranteed annual revenues set forth in the existing Electric Service Agreement.

In no event will the increased minimum annual guarantee in 1 above be greater than the amount necessary to satisfy the Extension Cost. If there is a substantial change in Customer's annual revenues as compared to the guaranteed annual revenues, the Electric Service Agreement and Contribution, if applicable, may be re-examined and changed at the end of any year of the Electric Service Agreement.

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VII. CONVERSION FROM OVERHEAD TO UNDERGROUND

When Customers request conversion of existing overhead electric service facilities to underground facilities, Company may at its discretion make such conversions subject to the following conditions:

1. When an overhead service drop is replaced with an underground service drop, Customer shall pay a Contribution to the Company equivalent to the Company's total estimated installed cost of the underground service drop plus the estimated undepreciated balance of the overhead service drop being replaced less the estimated replacement cost of the existing overhead service drop.
2. When overhead distribution lines and service drops are replaced with underground facilities;
 - A. All property owners on contiguous lots served by the distribution line or a portion thereof which will be converted are agreeable to the conversion.
 - B. Satisfactory easements and right-of-way necessary for the installation, operation and maintenance of the underground system can be furnished without expense to the Company.
 - C. Property owners shall pay a Contribution to the Company equivalent to the installed cost of the underground system plus the estimated undepreciated balance of the overhead system being replaced less the replacement cost of the existing overhead system.

VIII. SPECIAL CONDITIONS

Construction of an extension will commence when the following conditions have been met.

1. Agreements, when required, shall have been executed by each Customer and accepted by Company specifying initial contract period, guaranteed annual revenue, and any Contribution.
2. Each Customer has paid to Company his share of any Contribution.
3. Satisfactory right-of-way necessary for the construction, operation and maintenance of the extension (including any tree trimming rights) both for the purpose of providing access to the extension on Customers' premises and for continuing the extension to other Customers, has been furnished without expense to the Company.
4. Each Customer has made satisfactory credit arrangements with the Company. In the case of tenants, the Company may require owner to guarantee payment.

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5. The extension cost will include excess installation costs incurred by the Company because of special conditions that impede the installation of distribution facilities. Such special conditions include, but are not limited to ground frost, surface or subsurface impediments and submarine installations. Surface or subsurface impediments may include, but are not limited to: rock, bedrock, sub-surface structures and wetlands.

IX. BASIS FOR MAKING DISTRIBUTION EXTENSIONS FOR PERMANENT SERVICE WHERE EXTENSION COSTS EXCEED \$30,000

The above rules shall be applicable except where specifically stated otherwise and except that the Extension Cost will be the actual cost determined upon completion of the extension. The amount of Extension Costs relating to the extension which will be recovered by the Company through application of its rate schedule will be determined on an individual customer basis. Electric Service Agreements will be required and will be for sufficient duration and at sufficient revenue levels to support extension and other costs required to provide service.

If the Extension Cost exceeds the Extension Cost Credit as determined by the Company, the Customer(s) shall pay the Company a Contribution equal to the amount of the Extension Cost that exceeds the Extension Cost Credit. Where more than one Customer is served from the extension, the Contribution will be apportioned in the ratio of each Customer's Contract Demand to total Contract Demand for all Customers initially served from the extension. If there are circumstances unique to an extension in which application of the above rules would not be appropriate or would not properly recover costs, the Company will make necessary adjustments in the application of the rules such that adequate revenues are provided to fund Extension Costs through a combination of Extension Cost Credits and/or Contributions. Similarly, any refund which may be due, as a result of increased Customer Contract Demand during the initial ten year period, or as a result of additional Customers being served subsequently but during the initial ten year period, will be determined by the Company based upon all relevant dates such that revenue recovery is adequate to fund the Extension Costs through a combination of Extension Cost Credits and/or Contributions.

X. BASIS FOR MAKING TRANSMISSION EXTENSIONS FOR PERMANENT SERVICE

"Transmission" service for purposes of these Extension Rules, is service to a Customer taken at 115 kV or higher. Customer connections involving loads served at transmission voltage will be considered on an individual customer basis. Electric Service Agreements will be required and will be of sufficient duration and at sufficient revenue levels to support extension and other costs required to provide service.

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