



Commercial Line Extension FAQ

What are the changes to the existing commercial and industrial line extension portions of the tariff?

Beginning Jan. 1, 2020, PEC will adopt a new Line Extension Policy for commercial and industrial (C&I) members. Through this policy change, C&I members will receive a flat credit up to \$2,000 to be applied toward construction that is required to connect the member to the PEC system.

Why a credit of \$2,000?

Based on the past 10 years of data from large power and small power members and the current tariffed rates, the credit amount of \$2,000 is the cooperative's allowable investment. This amount is based on the anticipated revenue from rates in excess of costs over the average expected life.

What if the construction costs are less than \$2,000?

As is the current practice, if the total construction costs are less than the PEC allowable investment, the member will not pay any contribution in aid of construction.

What if the estimated construction costs are more than \$2,000?

As is the current practice, if the total construction costs are more than the PEC allowable investment, the member will be required to pay the remaining balance.

Why is the program changing now?

PEC conducts a Cost of Service Study on a recurring basis as set forth by the Board of Director's Rates Policy. The Cost of Service Study is used to inform tariff change recommendations to the PEC Board of Directors, including line extension allowances, rates, fees, and capital credit allocations. The current Line Extension Policy has been in place for 10 years, and provided a significant amount of historical data to inform the Cost of Service Study. The main finding was that the cooperative's allowable investment toward construction costs for non-residential members, on average, should be \$2,000, and administering the process needs to be simplified for consistency.

How will PEC transition to the new policy?

Projects where the:

- Construction is completed prior to Jan. 1, 2020, will fall within the current allowance process.
- Applications received prior to Jan. 1, 2020, with construction scheduled to be completed prior to June 30, 2020, will fall within the current allowance process.
- Applications received after Jan. 1, 2020, will fall within the new allowance process.

Who will answer questions and phone calls related to the policy change?

Please contact the Planning Department in the district your project is located, or any other office within PEC's service territory. Visit pec.coop/contact-us for more information.