GENERAL EXTENSION POLICY
FOR RETAIL ELECTRIC SERVICES AND FACILITIES

The retail electric rates of the Nebraska Public Power District (District) are based on cost of service to deliver electric power and energy from existing facilities. The purpose of this extension policy is to establish general conditions under which the District will make extensions or additions to electric facilities, or upgrades to existing electric facilities, and the general guidelines to be followed in determining a Customer contribution.

In general, the District will make permanent extensions of electrical lines and facilities, and may share in the investment with the Customer, based on the Customer's estimated new or increased electrical usage associated with the extension. The District's share of the investment will be calculated on a contribution to margin basis. The District reserves the right to determine the advisability and legality of making any extension. Extensions made by the District shall remain the property of the District or the municipality in accordance with existing agreements.

The Total Extension Investment shall mean the total estimated project cost to serve a proposed load. This Total Extension Investment shall include, but is not limited to, costs related to materials, labor, vehicles, subsistence, and applicable overheads, but exclude Customer provided facilities and costs described in paragraph I.D.2 (Extraordinary Construction Costs) and I.D.3 (Underground Extensions) below, betterment costs, and non-betterment costs.

Non-betterment costs include, but are not limited to, 1) Costs to remove or relocate existing District facilities that impede the development of the site of a proposed load, 2) Costs to upgrade conductor or transformer size not required by the District, 3) Costs associated with returning District facilities to normal operating condition, 4) Re-engineering costs for facilities planned and scheduled prior to an extension request that would require relocation due to such request, and 5) Costs to extend District facilities to a subdivision (Residential or Commercial). All non-betterment costs shall be the Customer's expense, above and beyond the calculated Customer Contribution in Aid of Construction (CIAOC).

Costs associated with Customer requested relocation of District Sub-transmission electric facilities, unrelated to the Customer's service requirements, shall be the Customer's expense.

Betterment costs are additional costs for electric system improvements generally not required solely for the extension to the Customer, but are costs the District elects to incur now due to anticipated or planned electric system capacity or configuration requirements. All betterment costs shall be the District's expense.

Customer classes are designated as residential (single family residences and subdivisions), industrial (customers taking service under the High Tension Service (HTS) Rate Schedule), irrigation, lighting, and commercial (all other customer classes).

The District's Allowable Investment Limit (AIL) and the CIAOC calculations within this Policy are based on the Customer's projected new load. To mitigate the District's risk for new loads not meeting projected thresholds in a given time period, the District reserves the right in its sole discretion to require the Customer to enter into a three (3) year Minimum Monthly Facility Charge Contract (MMF) or a three (3) year Extension Security Agreement (ESA) prior to construction.

An MMF Charge Contract will require an additional fee assessment to the Customer's monthly electric billing based on the difference between actual electric consumption and demand versus the Customer's projected new load if the actual consumption is not equal to or greater than the projected new load. The District reserves the right to require the Customer to provide an irrevocable letter of credit issued by a bank in the District's interest to insure payment if the Customer defaults on its MMF Charge obligation.

An ESA will obligate the Customer to reimburse the District, if Customer's projected new load does not materialize within the three (3) year term of the ESA, for its Total Extension Investment reduced by the CIAOC, if any, and the reasonable value of salvageable materials and equipment that can be utilized by the District elsewhere. Under the terms of the ESA, the Customer shall provide an irrevocable letter of credit in force for the term of the ESA issued by a bank in the District's interest in an amount sufficient to insure payment of the ESA obligation if the District, in its sole discretion, determines the Customer is in default. In place of an irrevocable letter of credit the Customer can substitute a Guaranty Agreement in a form acceptable to the District from a guarantor approved by the District in its sole discretion.

The District retains and reserves the right, power and authority to modify, revise, amend, replace, repeal or cancel this General Extension Policy at any time and in whole or in part, by resolution adopted by the District's Board of Directors.

I. PERMANENT EXTENSIONS

A. Overhead Extensions

1. Allowable Investment Limit (AIL) - The District will allow an AIL (Refer to AIL and Contribution in Aid of Construction (CIAOC) Calculation Table at the end of this document) to construct overhead line, including the service, except for Customer provided facilities and costs as outlined in paragraph I.D.2 (Extraordinary Construction Costs) below.

2. The Customer shall be required to pay to the District a CIAOC equal to the amount the estimated Total Extension Investment exceeds the District's AIL in accordance with paragraph I.D.1 (CIAOC) below.

B. Underground Extensions

1. When underground construction is requested, the District shall determine if underground construction is appropriate based on the District's electric utility engineering judgment and practices. If the District determines underground construction is appropriate, the District will construct the extension, except for Customer provided facilities and costs as outlined in paragraph I.D.2 (Extraordinary Construction Costs) and I.D.3 (Underground Extensions) below.

2. The Customer shall be required to pay to the District a CIAOC equal to the amount the estimated Total Extension Investment exceeds the District's AIL in accordance with paragraph I.D.1 (CIAOC) below.

C. Subdivisions

1. A residential subdivision is defined as two or more single family, individually owned, residential lots where more than one lot can be served by one transformer. If the residential property requires a dedicated transformer due to the size of the lot, the property will be considered an acreage, and the Single Residence AIL/CIAOC will apply.

2. A commercial or industrial subdivision is the division of a lot or parcel of land into two or more lots, sites, or other divisions of land for the purpose of creating a development for commercial, industrial, or business use.

3. The District will charge 50% of the planned project cost to construct the electrical infrastructure (excluding street lights) within a residential or commercial subdivision, regardless if it is overhead or underground service. The Developer's 50% planned project cost share to install electrical infrastructure will be due and payable prior to any construction.

4. New subdivisions shall be coordinated with NPPD to minimize the permanent electric facilities required to serve the entire development. NPPD will determine the placement of required electrical facilities on said lots and the CIAOC will be calculated on a 50% planned project cost share of the electrical infrastructure within the subdivision, excluding street lights. (Refer to AIL and CIAOC Calculation Table at end of this document).

Recalculation of CIAOC (Section E) is not applicable to Residential or Commercial Subdivisions.

D. Customer Responsibilities

1. Contribution in Aid of Construction (CIAOC) - Where a CIAOC is required, the entire amount shall be paid to the District, prior to construction. If an acceptable surety bond or irrevocable letter of credit is provided to the District prior to construction, payment of the CIAOC may be deferred until the extension is placed into service.

2. Extraordinary Construction Costs - The customer will be responsible, and will be required to pay to the District prior to construction, for Extraordinary Construction costs and facilities where conditions exist that do not allow for use of standard construction practices, such as making provisions for extraordinary clearances and atypical right-of-way acquisitions. Examples of extraordinary clearance provisions include: tree and stump removal, establishing site final grade, etc. Examples of atypical right-of-way acquisitions include condemnation proceedings, governmental agency applications, etc. Additional customer requirements may be outlined in customer letters on a project-by-project basis.

3. Underground Extensions

   a. The Customer shall either install or reimburse the District for all trench and conduit system for primary, secondary, streetlight and service conductors in accordance with District specifications and policies.

   b. In addition to trench and conduit, the Customer shall be responsible for installing secondary pedestals, equipment foundations, and ground rods.

   c. The Customer is responsible for all service conductors from the point of delivery, as defined by the District, to the Customer's metering point.

E. Recalculation of CIAOC

1. If, during the three-year period from the initial in-service date, one or more additional Customers are served from the original line extension, at the original Customer's request, the CIAOC for the original Customer will be recalculated to include the additional Customers and investment. If the recalculated CIAOC is determined to be less than the original amount of CIAOC calculated and paid by the Customer, the District will refund the difference on a prorated basis depending on the time period left after energization of the additional Customer(s) in the initial three-year period. The formula for refunding the difference is as follows: Original CIAOC less the

recalculated CIAOC times the months remaining in the three-year period divided by 36.

2. If, during the one-year period from the initial in-service date and requested by the Customer, the District may review the actual load as compared to the estimate. If the actual load is significantly greater than the estimated load, the CIAOC may be recalculated using the actual load and the actual cost of the Total Extension Investment. A refund or credit may be applied to the Customer's account for the difference.

Recalculation of CIAOC is not applicable to Residential or Commercial Subdivisions.

F. Loads Meeting One or Both of the Following Requirements: 1) New or Upgraded Subtransmission Facilities, 2) New or Increased Distribution Load of 2.5 MVA or Greater

1. Prior to construction of the extension or upgrade, the Customer shall be required to pay a CIAOC according to the AIL and CIAOC Calculation Table.

2. Prior to construction of the extension or upgrade, for existing customers with proposed extensions to an existing business/facility, the District reserves the right to require the Customer to enter into an MMF for a term of three (3) years.

    a. The calculation for the MMF Charge shall be based on recovery by the District of 50% of the Total Extension Investment or 100% of the non-recoverable construction costs of the extension, whichever is greater over the above mentioned three (3) year term. The non-recoverable construction costs shall include the costs to install the extension, the cost of non-standard and expendable material, including the current District handling costs of all materials.

    b. The Customer may request (limited to one time during the three (3) year term of the contract), or at its option the District may conduct, a review of the Customer's Total Billing accumulated up to the date of the request. If the Customer's Total Billing (the total accumulated electric billing during the elapsed time period of the contract term, including the actual MMF Charges) is equal to or greater than 50% of the actual Total Extension Investment or 100% of the actual non-recoverable construction costs of the extension, whichever is greater, the MMF Charge shall be discontinued and the contract shall be terminated.

3. Prior to construction of any proposed extension, the District reserves the right in its sole discretion to require the Customer to enter into a three (3) year ESA. The ESA will obligate the Customer in the case that the projected new load does not materialize to reimburse the District for its Total Extension Investment reduced by the Customer's CIAOC, if any, and the reasonable value of salvageable materials and equipment that can be recovered from the extension and utilized by the District elsewhere. Under the terms of the ESA, the Customer shall provide an irrevocable letter of credit in force for the term of the ESA issued by a bank in the District's interest in an amount sufficient to insure payment of the ESA obligation if the District, in its sole discretion, determines the Customer is in default. In place of an irrevocable letter of credit the Customer can substitute a Guaranty Agreement in a form acceptable to the District from a guarantor approved by the District in its sole discretion.

II. TEMPORARY EXTENSIONS

A. For any single-phase temporary service requiring an extension of one span or less of secondary conductor, including removal of the same upon completion of service, the Customer will be billed for such service at the District's current rate as listed in the General Customer Service Charges Rate Schedule.

This type of temporary service would be provided from existing distribution secondary in the area and would include installation of a meter on a Customer supplied service pole and meter loop.

B. For any temporary extension of the District's existing electric lines and facilities that involves more than a single span of secondary conductor or requires three-phase service, a "service charge" collected prior to construction will be required. This charge will be equal to the estimated cost to install and remove service. The handling cost of materials, including metering and transformers, will be billed at the District's current standard rates.

Temporary extensions include service to any Customer class which, in the judgment of the District, is considered temporary service in nature, even though service may be used for a period of a year or longer. Examples of temporary extensions may include, but is not limited to, carnivals or road construction batch plants.

III. EXTENSIONS FOR MUNICIPALITIES

Municipalities are subject to applicable calculations referenced in the AIL and CIAOC Calculation Table at the end of this document.

For purposes of determining the District's capital additions to the community's "Distribution System", as that term is defined in the Professional Retail Operations Agreement between the District and the community, all District investments for electric facility extensions, additions or upgrades pursuant to this policy shall be accounted for net of any Customer CIAOC received by the District.

AIL and CIAOC Calculation Table

	Service Type	AIL	CIAOC	Additional Information[1] and Agreements as applicable
Residential	Single Residence	$2,100 per Service	Total Extension Investment minus $2,100	Includes residential acreages
	Seasonal Residence	$700 per Service	Total Extension Investment minus $700	Includes residential acreages
	Subdivisions	$0	50% of the planned electrical infrastructure project cost within the subdivision, excluding street lights.	The cost to extend District facilities to a subdivision is non-betterment.
Commercial (including Seasonal Services)	Subdivisions	$0	50% of the planned electrical infrastructure project cost within the subdivision, excluding street lights.	The cost to extend District facilities to a subdivision is non-betterment.
	Non-Demand Rate	$0.1222 per estimated annual kWh	Total Extension Investment Minus Calculated AIL	Rental housing units are calculated as non-demand, based on number of rental housing units.
	Demand Rate	$0.0183 per estimated annual kWh	Total Extension Investment Minus Calculated AIL	The District reserves the right to require an MMF, ESA or Guaranty Agreement
Industrial	HTS	$0.0124 per estimated annual kWh	50% of the Total Extension Investment minus the calculated AIL, or 100% of the non-recoverable construction costs of the extension, whichever is greater.	The District reserves the right to require an MMF, ESA or Guaranty Agreement .
Irrigation		$59.00 per Horsepower	Total Extension Investment Minus Calculated AIL	
Lighting	All street, area, and directional lighting	$0	Total Extension Investment	District Owned Lighting Systems investment includes one span of secondary service conductor- rate Schedules M-1, M-3 & M-5.

Note 1: In accordance with paragraph I.D.3., Customer Responsibilities, Customer is responsible for installation of Trench and Conduit System, pedestals, transformer foundations, and ground rods in addition to CIAOC for any Service Type.