



## Electric Line Extension Policy

Effective Date: December 1, 2023

### **Purpose**

The town of Pineville, NC provides electric service to approximately 4,000 electric customers as well as all customers building facilities or developing properties within its service territory.

To prevent the costs of new construction from being absorbed by existing electric customers, the town will require a Contribution in Aid for Construction (CIAC) from all new retail electric customers requiring an electric line extension on or after December 1, 2023.

### **Applicability**

The provisions of this policy apply to all electric line extensions for all new retail customers including, residential, commercial, and industrial facilities who receive electric service from the town of Pineville, NC.

### **General Provisions**

#### **1. Rights of Way**

- a. Electric service customers will provide, without cost to the town, adequate and accessible easements, and Rights of Way (30' wide for overhead and 20' wide for underground) for the supply of electric service through a new line extension.

#### **2. Vegetation**

- a. Shrubs and trees requiring protection during the installation of overhead or underground electric service will be the responsibility of the electric service customer who will hold the town of Pineville and its managing agent or subcontractor harmless against any and all claims for damages.
- b. The electric service customer will be responsible for seeding, re-seeding, and maintaining the areas contained within Rights of Way at their own cost.

### **New Line Extension Provisions**

#### **1. New Retail Customers: Single-phase and Three-phase Line Extensions**

##### **a. Residential Temporary Service Customers**

- i. Temporary service customers are electric service customers whose electric service needs are for construction or another temporary situation for less than a 12-month continuous period.
- ii. Temporary service customers will incur no cost for the installation of a temporary service located within 10 feet of an existing pole, transformer, or secondary pedestal.
- iii. When a permanent power inspection is received for the facility under construction, the temporary service will be disconnected when the permanent service is energized.

- iv. Temporary services will not be allowed to be shared among multiple dwellings under construction.

**b. Individual Single-Family Homes**

- i. Individual single-family homes requiring a line extension will incur no cost for the first 300 feet. Retail Service Customers will pay for the Construction Cost associated with construction beyond the initial 300 feet from the electric source.

**c. Real Estate Developments:**

- i. Real Estate Development means a residential subdivision, commercial subdivision, mobile home park, apartment complex, townhome complex, planned unit development or other similar type of development where the electric distribution system must be extended to provide electric service to more than one individual retail service customer.
- ii. Construction service customers requesting electric utility service for real estate development through a new line extension approved by the town, or its managing agent, will pay a CIAC with a Revenue Credit applied. (See Appendix A for Revenue Credit Calculation)
- iii. The town, or its managing agent, reserves the right, in its sole discretion, to design and construct new line extensions for real estate development in phases or in their entirety. The CIAC will be calculated for the approved phase or the entire development accordingly.
- iv. A construction service customer shall have no right to electric service through a line extension until the town, or its managing agent, has provided a written calculation of the CIAC and received full payment from the customer for each approved phase or the entire development.
- v. Written calculations shall be valid for 30 days. If payment has not been received from the customer after 30 days have elapsed, the town, or its managing agent, will recalculate based on then current costs for materials and labor.

**d. Commercial and Industrial Retail Service Customers**

- i. The town, or its managing agent, will evaluate the cost of electric service through a new line extension for Commercial and Industrial retail service customers and apply the Revenue Credit if construction costs cannot be recouped from anticipated revenues within 5 years from date of completion of the line extension.

**2. Relocation of Existing Service**

- i. Retail service customers requesting relocations of primary or secondary service lines with no additional electric loading will pay the entire cost of construction in advance.
- ii. Retail service customers requesting relocations of primary or secondary service lines WITH new electric loading will pay a (CIAC) in advance with a Revenue Credit applied based on the anticipated revenues expected from the additional electric load. (See Appendix A for Revenue Credit Calculation)
- iii. The town or its managing agent will provide a written calculation of the CIAC and receive full payment from the customer before constructing the line extension.

### **3. Conversions of Overhead to Underground Service**

- i. Retail service customers requesting conversions of secondary service lines from overhead to underground with no additional electric loading will pay the entire cost of construction in advance.
- ii. Retail service customers requesting conversions of secondary service lines from overhead to underground WITH new electric loading will pay a (CIAC) in advance with a Revenue Credit applied based on the anticipated revenues expected from the additional electric load. (See Appendix A for Revenue Credit Calculation)
- iii. The town or its managing agent will provide a written calculation of the CIAC and receive full payment from the customer before converting the lines.

### **4. Contribution In Aid of Construction (CIAC)**

- a. Contribution in Aid of Construction is the construction cost for a line extension less the Revenue Credit, if applicable. If the resulting sum is negative, the electric service customer will not owe a Contribution in Aid of Construction and shall not be entitled to any payment from the town or its managing agent for the line extension.
- b. The cost of construction shall include the sum of the cost of equipment, labor, and materials plus a contingency fee of 10% to provide an electric overhead or underground line extension to a new electric retail service customer excluding transformers, secondary voltage pedestals, lighting, and meters.
- c. The town, or its managing agent, shall provide a written CIAC including a Revenue Credit Calculation if applicable that shall be valid for 30 days. If the electric retail service customer has not paid the CIAC within 30 days, the town, or its managing agent, will recalculate based on then current costs for materials and labor.
- d. Applicable sales taxes for CIAC's will be added to the total amount due from the customer.
- e. The town reserves the right to waive the CIAC to any customer as it sees fit for economic development or other reasons.

## APPENDIX A

### Revenue Credit Calculations Formula

The formula for Revenue Credit Calculations is as follows:

- (a) The town's construction cost for the project, plus 10% Contingency
- (b) LESS 85% of the town's average annual revenue per customer for the customer rate class,
- (c) MULTIPLIED BY the number of new customers in the project,
- (d) MULTIPLIED BY MULTIPLIER

#### Example of Residential Real Estate Development Revenue Credit Calculation:

**Assumptions:** 200-Home Development, Construction Cost - \$350,000, 10% Contingency - \$35,000, Total Construction Cost - \$385,000, Average Annual Revenue per home \$1,461.36.

#### Revenue Credit Calculations:

Average Residential Service - Rate Schedule 11

Average Annual Cost/Home	\$1,461.36
Less 85% of Average Annual Cost/Home	<u>-\$1,242.16 (\$1,461.36 x 0.85)</u>
<b>Total Revenue Credit/Customer</b>	<b>\$219.20 (\$1,461.36 – \$1,242.16)</b>

(a) Estimated Construction Costs: \$385,000

Less

(b) Revenue Credit per Customer	\$219.20
(c) Multiplied by the Number of New Customers:	x 200
(d) <u>Multiplied by Multiplier:</u>	<u>x 5</u>
<b>Total Revenue Credit</b>	<b>\$219,204.00</b>

#### Contribution In Aid of Construction (CIAC) Formula:

\$385,000 Construction Cost (a)
<u>- \$219,204 Revenue Credit (b) x (c) x (d)</u>
\$165,796
<u>+ \$12,020.21 7.25% Tax (\$165,796 x .0725)</u>
<b>\$177,816.21 Total CIAC required from customer.</b>



## New Electric Line Extension Request Contribution In Aid of Construction

CIAC Amount: \$ \_\_\_\_\_

Date: \_\_\_\_\_ Project Name: \_\_\_\_\_ Location: \_\_\_\_\_

Developer/Owner Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Address: \_\_\_\_\_  
Street State Zip Code

E-mail Address: \_\_\_\_\_

☐ New Retail Customers:

☐ Temporary Service ☐ Single-Family Home ☐ Real Estate Development ☐ Commercial/Industrial

☐ Relocation of Existing Service ☐ Conversion from Overhead to Underground Service

Construction Cost of Line Extension: \_\_\_\_\_ (1) 10% Contingency: \_\_\_\_\_ (2)

Total Construction Cost: \_\_\_\_\_ (a)  
(1) + (2)

### Revenue Credit Calculation

Average Annual Revenue for Rate Schedule: \_\_\_\_\_ Less 78%: \_\_\_\_\_ = \_\_\_\_\_ (b)

Number of New Customers in the Project: \_\_\_\_\_ (c) Multiplier: 5 (d)

Formula: (b) x (c) x (d) = Revenue Credit: \_\_\_\_\_ (e)

Contribution In Aid of Construction = (a) \_\_\_\_\_ - (e) \_\_\_\_\_ = \$ \_\_\_\_\_

CIAC is valid for 30 days from the date below. After 30 days, the CIAC will be re-calculated with updated costs.

Preparer's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Customer's Signature: \_\_\_\_\_

Date: \_\_\_\_\_