

JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.
SECOND REVISED RULE NO. 12
CANCELING FIRST REVISED RULE NO. 12

NM PUBLIC
REGULATION
COMMISSION

LINE EXTENSION POLICY
(X-Numerous Changes)

2006 OCT 17 PM 3:48

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APPLICABILITY:

This policy is applicable to all of the Cooperative's consumers.

FEASIBILITY:

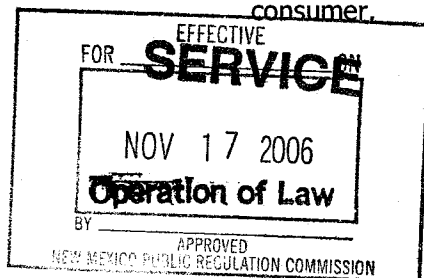
The Cooperative shall not be required to make an extension or provide facilities that would cause a financial hardship on the Cooperative or its consumers.

The Cooperative reserves the right to limit new or additional power service commensurate with the available capacity in production, transmission, distribution and substation facilities. In all cases, where such existing facilities are limited, the Cooperative will require a written contract for a suitable initial contract period which will justify and support the necessary investment required to render such power service.

DEFINITIONS:

The following terms shall have the following meaning for the purposes of this policy.

1. Contribution in Aid of Construction – a payment to the Cooperative for a line extension made prior to the start of work on a project and based on cost and is not subject to refund.
2. Line Extension – the addition to, or modification of, the Cooperative's electric distribution system, for the purpose of providing electric service to a consumer or group of consumers.
3. Minimum Line Extension – the minimum line extension is designed solely to meet the needs of the consumer requesting service, and is consistent with Cooperative industry design and safety standards. In its design and engineering of electrical systems, the Cooperative shall take into account system needs for expansion and area-wide service. Sound engineering and economic considerations may require systems to be designed and built which exceed the needs of the Consumer requesting service. Proration of engineering and system cost will be made to reasonably identify and assign such costs to the Consumer. The Cooperative shall bear the costs of electrical system work done for the sake of area-wide system improvement. "Area-wide service, or system improvement" shall be construed to mean any service or system capacity beyond what is specifically required for the particular consumer in question. The Consumer will pay for that part of the distribution system which is necessary for the specific needs of the consumer.



ADVICE NOTICE NO. 52

Jerry W. Mascarenas
JERRY MASCARENAS, General Manager

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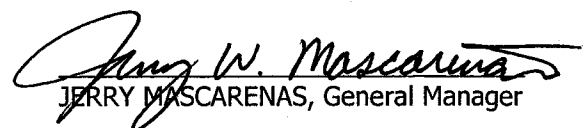
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DEFINITIONS: (Continued)

4. Permanent Service – electric service to installations where the amount of use and permanency of service can, in the opinion of the Cooperative, be reasonably assured. The applicant for service shall own, or have a long-term right to occupy the property on which the installation is located.

All trailers and mobile homes are considered to be temporary in nature except when the trailer or mobile home is placed on permanent foundation of concrete, rock or cinder block with mortar, or have a commercially drilled well that supplies potable water, and the wheels, axles, and tongue arrangement have been permanently removed.
5. Temporary Service – electric service to temporary, standby or special services and any other type of installation where the amount of use and the permanency of service cannot, in the opinion of the Cooperative, be reasonably determined.
6. Residential Subdivisions – a residential subdivision defined as a parcel of land within the Cooperative's service area, meeting the criteria for subdivision as defined in the New Mexico Statutes Annotated, 1978, Section 47-6-2, New Mexico Subdivision Act and which has the approval of the governing Zoning Authority.
7. Commercial/Industrial Developments – Commercial and industrial development, are apartment condominiums, office buildings, retail development, manufacturing facilities and all other facilities developed for the purpose of providing service or a product to the general public.
8. Mobile Home Parks – A mobile home park is any property where two (2) or more mobile homes, travel trailers or spaces are located for purposes of renting or leasing or as defined by the governing County Commission.
9. Line Class – one of four types of construction: single phase overhead; three phase overhead; single phase underground; three phase underground
10. Line Footage – the length of a line extension in feet, measured along the centerline of the construction route.

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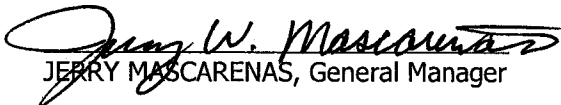
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GENERAL REQUIREMENTS:

In accordance with the New Mexico Public Regulation Commission Rule No. 410 (17.5.410.27 NMAC): The Cooperative will:

1. provide the applicant with a copy of the Cooperative's line extension policy and explain the content of such policy,
2. provide to such applicant a written estimate of the cost of the line extension, within thirty (30) days after an applicant has complied with all the reasonable utility requirements;
3. advise the applicant that if the applicant is not satisfied with the line extension proposal of the Cooperative, including cost and time of construction, an informal review of the proposal may be provided by utility personnel located in the service area of the applicant and authorized to conduct such reviews. Such personnel shall be in a position to modify the proposal (such as Director of Engineering and Operations, Staff Engineer, Assistant General Manager, or General Manager);
4. complete construction of the line extension within sixty (60) days after the applicant signs the Cooperative's line extension agreement, pays the contribution in aid of construction, and after the Cooperative has received or been furnished all applicable permits, rights-of-way, materials and labor necessary for the line extension, and the Cooperative has completed all necessary contractual obligations. The Cooperative shall be required to exercise due diligence and good faith in its efforts to obtain such permits, rights-of-way, materials, labor, and contractual compliance. The Cooperative shall not be required to complete construction of the line extension within this time frame where *force majeure* conditions exist;
5. inform the applicant in writing of how the applicant's options concerning the type of installation of a line extension will affect utility charges based on present rates or rates which are the subject of a pending case concerning rates. At a minimum, comparisons of average annual utility charges for that applicant shall be provided.

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GENERAL REQUIREMENTS: (Continued)

The Applicant shall:

1. submit a written application and sign a contract for service under this policy. The contract will include the period of service, character of service and details of the costs of construction, including material, labor and all other expenses necessary for the service extension. (No charge will be made for an overhead transformer (up to 25 KVA) and meter (residential only) but the installation charge will be included in the cost of construction),
2. provide all applicable permits, easements and rights-of-way necessary for the line extension. It shall be the responsibility of the applicant to provide or make arrangements for all necessary easements and/or rights-of-way at no cost to the Cooperative, including any permits for crossing State, Tribal or Federal lands. The Cooperative shall make reasonable efforts to assist in obtaining rights-of-way.

LINE EXTENSION CHARGE:

Residential Service:

Extensions to the Cooperative's distribution system will be made at no charge to the residential applicant when the estimated investment does not exceed a construction credit equal to the previous year-end total utility plant (Part E of RUS Form 7) divided by the previous December number of consumers and the result divided by 4. If the investment required to serve an applicant is in excess of the construction credit, the applicant shall pay to the Cooperative a contribution in aid of construction equal to the difference between the estimated cost of construction and the construction credit. When the project is finished and the Cooperative's accounting is closed (generally within 90 days), the Cooperative will adjust the consumer's contribution in aid of construction payment to the actual cost and any difference will be either refunded or billed as the case may be.

Temporary Services:

Where it is necessary for the Cooperative to provide temporary service, the applicant shall pay the total cost of construction as a non-refundable contribution, prior to the start of construction. The total cost of construction shall include the estimated cost of construction plus the cost of removal less salvage value of the materials used in the extension.

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LINE EXTENSION CHARGE: (Continued)

Residential Subdivisions or Commercial/Industrial Developments:

The developer will be required to pay the total cost of the basic electric system required to serve the subdivision or land development. The basic system shall consist of all parts of the electric system, except for transformers and meters, which will be provided and owned by the Cooperative.

The developer, prior to the start of construction, shall pay a contribution in aid of construction for the total construction costs. When the project is finished and the Cooperative's accounting is closed (generally within 90 days), the Cooperative will adjust the consumer's contribution in aid of construction payment to the actual cost and any difference will be either refunded or billed as the case may be.

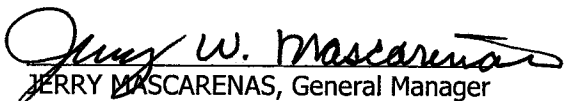
GENERAL CONDITIONS AND TERMS:

1. Line extensions made by the Cooperative shall be and remain permanently the property of the Cooperative.
2. All meters, including instrument transformers when necessary, shall be installed, owned, and maintained by the Cooperative.

The Cooperative reserves the right to require the consumer to furnish and install, at the consumer's expense, a suitable steel cabinet to house the Cooperative's equipment, and such cabinet shall be equipped so that it can be sealed by the Cooperative.

3. Where consumer desires service under voltage conditions other than those available by the Cooperative, any necessary transformer and accessory equipment required to supply the requested voltage shall be supplied, owned, and maintained by the Cooperative.
4. No overhead service shall be provided in established areas served by an underground system.
5. All underground conduits shall be installed and paid for by the consumer and owned and maintained by the Cooperative. Size of conduit will be determined by the Cooperative.

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GENERAL CONDITIONS AND TERMS: (Continued)

6. When the Cooperative is requested to (1) relocate its facilities and/or (2) convert from overhead to underground, for the benefit and/or convenience of a consumer(s), the consumer(s) shall reimburse the Cooperative for the total cost of the work to be performed prior to the commencement of construction

CONSUMER EQUIPMENT:

The consumer shall install motors or other apparatus which are not detrimental to the character of service supplied by the Cooperative. Motors causing voltage flickering during start-up or motors introducing harmonics to the Cooperative's distribution system shall be corrected by the consumer at the expense of the consumer.

BILLING:

The billing shall be in accordance with the applicable rate schedule or service contract.

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PAYMENT PLAN OPTIONS

1. Standard Option: The consumer shall pay the construction cost (less construction credit) 10 days prior to the start of construction of the line extension.
2. Letter of Credit Option: The consumer shall sign a promissory note which shall be secured by an irrevocable standby letter of credit from a New Mexico financial institution. The note shall be due and payable one year following the agreement for extending service. The promissory note shall be the sum of 1) the unpaid balance of the construction cost and 2) a carrying charge.
3. 50/50 Payment Option: The consumer shall pay at least 50% of the construction costs (less construction credit) 10 days prior to the start of construction of the line extension. The remaining cost shall be due 30 days after energizing the electrical service. To be eligible for this option, the customer must be current in all accounts he or she may have with the Cooperative.
4. Monthly Payment Option: The consumer shall pay at least 50% of the construction cost (less construction credit) 10 days prior to the construction. The remaining balance shall be paid in monthly installments. Installments shall be calculated assuming 12 equal payments including a carrying charge. The carrying charge is calculated based on the previous year-end interest on long-term debt divided by the principal long-term debt outstanding times the balance remaining of the construction cost. This payment option is only available to a residential consumer and is limited to a maximum principal of \$2,500. To be eligible for this option, the residential consumer must be current in all accounts he may have with the Cooperative.

Note: The Cooperative has the right to check for a current credit rating for the consumer on options 2 thru 4.

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