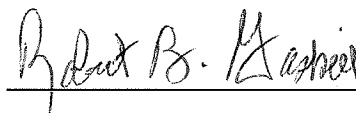


**SERVICE CONNECTION AND LINE EXTENSION POLICY**

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**Signature of Issuing Officer**  
**Title: Chief Executive Officer**

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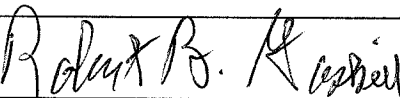
SERVICE CONNECTION AND LINE EXTENSION POLICY

The following general service connection and distribution system line extension policy of the Association is available in all the electric service territory of the Association. The provisions of this policy are also subject to the other applicable Tariffs, Rules and Regulations of the Association.

1. GENERAL PROVISIONS

- a. When an Applicant requests electric service at premises not connected to the Association's distribution system [or requests an increase in service to premises already connected where such increase necessitates additional investment] the Association after consideration of the Applicant's electric requirements will designate the service requested as being permanent, indeterminate, or temporary in accordance with the definitions hereinafter set forth.
- b. When the branch of the distribution system necessary to supply the individual consumer requires the construction of more than a service connection, although for the Applicant's sole use, such construction shall be included as part of the Association's general distribution system unless said distribution line is to be owned, operated and maintained by the consumer.
- c. Contracts for service shall be based upon the necessary cost of constructing, and installing or upgrading the line extension and facilities necessary to adequately supply the service, as determined by the Association and requested by the Applicant.
- d. The Applicant's Contribution-In-Aid Of Construction shall include the necessary cost of the particular extension or upgrade, and it shall not include or be determined with reference to provision for additional capacity, size, or strength in excess of that actually necessary to meet the requirements of the Applicant and the requirements of the National Electrical Safety Code and accepted industry practice.
- e. If the Applicant's requested level of service exceeds 50 KVA 1Ø, 100 KVA 2Ø, or 150 KVA 3Ø, the Applicant's Contribution-In-Aid Of Construction shall, in addition to 1 d above, include a system capacity charge of \$5.00 per KVA of requested additional capacity necessary to provide the level of service requested by the Applicant.

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SERVICE CONNECTION AND LINE EXTENSION POLICY

1. GENERAL PROVISIONS - Continued

- f. The Association, in considering a proposed line extension to an Applicant in an area where service is not generally available, may determine there will not be sufficient revenue to adequately support the line losses and maintenance and operations expenses of the line extension to be constructed to serve such loads. Under such circumstances, the Association may fix a charge per month per consumer, in addition to the general rate applicable to serve said loads. Such special charge may be in place for an indefinite period and shall be dependent only on the development of sufficient revenue from the Association's standard rate from the consumer(s) in the described area to support the Association's expenses on a comparable basis as other consumers in similar areas. Such rate may be established for said consumer(s) or area before the building of the line or prior to the expiration of the development period.
- g. Extensions of the Association's distribution system upon highways or rights-of-way acceptable to the Association shall be built within a reasonable period after request for service or upgrade by a bona fide Applicant whenever the requirements of the applicable Line Extension Policy and other Rules and Regulations have been met.
- h. The Association's Line Extension Policy shall not be construed to place a greater burden on any new consumer connected to an existing line extension than would have been placed on said consumer had a totally new line extension been constructed for the consumer's use.
- i. Residential Class consumers, excluding developers, who qualify under the following requirements, will be eligible for future rebates of the line extension cost.
- j. Rebate of Contribution In Aid Of Construction For Residential Extensions
  - 1) Future rebates of the line extension cost are provided through the collection of a "Tap Fee" from future attachments to the original qualifying line extension.
  - 2) The estimated costs, excluding service cost and investment on the part of the Association, is greater than or equal to \$10,000.00. In addition, starting January 2011 the \$10,000.00 will be adjusted by adding an annual 3% inflation factor rounded to the nearest \$100.00.
  - 3) The original consumer for whom the service was provided as well as any subsequent qualifying consumer contributing to the cost of the original service are eligible for rebates up to the amount of their contribution to the original service cost for a period of five years from the date of the original line extension contract.

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SERVICE CONNECTION AND LINE EXTENSION POLICY

1. GENERAL PROVISIONS - Continued

4) The original consumer and any subsequent qualifying consumer must be an active member and maintain the account in the original consumer name for which they requested service requiring them to contribute to the original service cost for a period of five years from the date of the original service contract. C

5) The basic formula for computing the "Tap Fee" is as follows:

$$\text{Tap Fee} = \frac{\text{Cost per Span} * \text{Number of Spans}}{\text{Total Number of Qualifying Services}}$$

6) The basic formula for computing the rebate is as follows:

$$\text{Rebate} = \frac{\text{Tap Fee}}{\text{Total Number of Qualifying Services} - 1}$$

7) For underground extensions, the amount eligible for rebate will be the lesser of the estimated underground extension cost or the overhead equivalent estimated cost as determined by the engineering department of the Association at the time the extension is installed. The number of spans used in the formula is the total lateral footage of the underground extension divided by 300 and rounded up to the next whole number. C

8) Any qualifying contributor to the original line extension that is disconnected for nonpayment of such consumer's service account for a period exceeding 30 days shall forfeit such consumer's eligibility to future rebates. C

9) Any consumer that is qualified to receive rebates under this provision that has any arrears of such consumer's service account at the time the rebate is due, the rebate shall be first applied to the arrears amount due and any remaining funds will be rebated. C

2. CONSTRUCTION SPECIFICATIONS

a. All construction except where modifications are necessary because of existing conditions shall be in conformance with the specifications and drawings for transmission and distribution facilities developed by the Rural Utilities Service, U. S. Department of Agriculture.

SERVICE CONNECTION AND LINE EXTENSION POLICY

2. CONSTRUCTION SPECIFICATIONS - Continued

- b. The determination of the necessary electric and other facilities for the new or increased service shall be made solely by the Association under its construction standards. The Association may also assess as part of the Contribution In Aid Of Construction a capacity charge based on the size of the Applicant's load. The Association, by a separate tariff, may provide for the opportunity for payment by the Association to an Applicant from funds derived by subsequent line extension Applicants' funds for a portion of the actual cost of construction of the line extension to the Applicant. The type and character of construction and the capacity required for an extension shall be determined by the Association's Engineering Services Department.
- c. Location of the extension origin and the route to be followed in the construction of an extension shall be determined by the Association's Engineering Services Department after due consideration of the engineering issues and operational access involved with the objective of providing the best service possible. The origin need not necessarily be at the point on the existing distribution system most proximate to the Applicant's premises, nor the route selected the shortest distance between origin and delivery point.
- d. In cases where line extensions are constructed on poles, in trenches or ducts used jointly with another utility, the investment chargeable to the extension shall be determined as though the necessary facilities were to be entirely constructed by the Association without regard to the actual ownership of the jointly used poles, trenches or ducts.

3. UNDERGROUND DISTRIBUTION SYSTEMS

- a. It shall be the policy of the Association to give due consideration to aesthetics and the environment where economically feasible. The Association may designate a given area as an "Underground Distribution Area." In such areas the Association will install underground electric distribution facilities under the term and conditions set forth in these Service Connection and Line Extension Policies.

4. DEFINITIONS

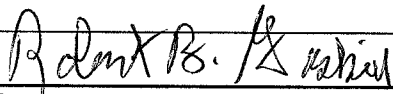
The following terms have the following definitions for the purposes of this section of the Tariffs of the Association.

SERVICE CONNECTION AND LINE EXTENSION POLICY

4. DEFINITIONS - Continued

- a. "Applicant" shall mean the person or entity that desires electric service at premises not currently served by the Association's electric distribution system and shall also mean a person or entity that desires a change in capacity to premises currently served by the Association's electric system. C
- b. "Contribution In Aid Of Construction" shall mean the amount paid by the Applicant to the Association as the total amount of the cost of the Association for any line extension that is directly or indirectly for the use or benefit of the Applicant in providing new or altered electric service to the premises of the Applicant. The Contribution In Aid Of Construction shall include, but is not limited to all on site (being on the premises to receive electric service) or off site (being on premises outside of the premises to receive electric service whether public or private) costs necessary for the extension of such electric facilities for primary and secondary overhead or underground electric distribution facilities (no matter what voltage), transformer(s), Easement(s), tree trimming, special housing, special supports, lightning arrestors, protective equipment, permits and other expenses of every kind or nature. The Contribution In Aid Of Construction shall not include the cost of meter(s), meter sockets, pedestals, instrument transformers and service loops; and such items shall be paid by the Association. The Contribution In Aid Of Construction shall include the necessary cost of the particular extension to meet the peak load of the Applicant, but it shall not include or be determined with reference to provision for additional capacity, size, or strength in excess of the necessary facilities to meet the actual peak load requirements of the Applicant and the requirements of the National Electrical Safety Code and accepted industry practice. The determination of the necessary electric and other facilities for the new or increased service shall be made solely by the Association under its construction standards. In the assessment of the amount of the Contribution In Aid Of Construction the Association shall take into account the facilities planned for construction by the Association at its expense under its most current approved Construction Work Plan; and the Association shall not take into account any long term plan of the Association. The Association may also assess as part of the Contribution In Aid Of Construction a capacity charge based on the size of the Applicant's load. The Association, by a separate tariff, may provide for the opportunity for payment by the Association to an Applicant from funds derived by subsequent line extension applicants' funds for a portion of the actual cost of construction of the line extension to the Applicant. C

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Signature of Issuing Officer  
Title: Chief Executive Officer

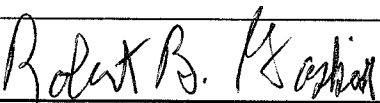
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SERVICE CONNECTION AND LINE EXTENSION POLICY

4. DEFINITIONS - Continued

- c. "Easement" shall mean an interest in real property that provides exclusive rights of the Association to place its electric distribution system on land of a party. The form of the Easement shall be determined by the Association and shall be adopted as a part of the Tariffs of the Association. No employee, except for the Chief Executive Officer of the Association, shall alter any of the terms of the Easement; and the Chief Executive Officer shall consult the Association's legal counsel regarding any proposed modification to the Easement form. Easement shall also mean any franchise, permit, license or other right to occupy public property that is accepted by the Association. N
  
- d. "Indeterminate Service" shall mean service to mines, quarries, oil wells, industrial and commercial enterprises of speculative purposes, real estate subdivisions, development [change of use] of property for sale, enterprises where the Applicant will not be the user of service, where there is little or no demand for service, tenant houses, house trailers, rental property and to other service where the amount and permanency of service cannot be reasonably assured. C
  
- e. "Line Extension Contract" shall mean the form of contract prepared and adopted as a standard form contract between an Applicant for electric service and the Association. The Line Extension Contract form shall be adopted as a part of the Tariffs of the Association. No employee, except for the Chief Executive Officer of the Association, shall alter any of the terms of the Line Extension Contract; and the Chief Executive Officer shall consult the Association's legal counsel regarding any proposed modification to the Line Extension Contract form. N
  
- f. "Permanent Service" shall mean service to domestic, commercial, and farm consumers when the use of service, both as to amount and permanency, can be reasonably assured. C
  
- g. "Temporary Service" shall mean service to circuses, bazaars, fairs, concessions, and similar enterprises, construction works, and similar loads of a temporary nature and ventures of such uncertain speculative character that the permanency of the load is questionable such as coal and metal mining or oil and gas production operations during the preliminary or development period, or any service required for less than eighteen months [except heavy construction projects such as dams or tunnels or like loads] that may require service for a known period longer than eighteen months. C

  
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Signature of Issuing Officer  
Title: Chief Executive Officer

SERVICE CONNECTION AND LINE EXTENSION POLICY

5. EXTENSION TO PERMANENT SERVICES

The Association will extend Permanent Service to an Applicant upon the following terms and conditions:

- a. The Applicant will enter into a Line Extension Contract with the Association for electric service at the applicable rate schedule. C
- b. The term of the contract shall not be for a period of less than ten years. C
- c. The Contract shall include payment of the Applicant's Contribution-In-Aid Of Construction including all costs necessary for the extension or alteration such as primary and secondary overhead or underground distribution facilities, transformers, rights-of-way, tree trimming, special housing, special supports, lightning arrestors, and other protective equipment. The cost of meters, meter sockets and pedestals, instrument transformers, and service loops installed shall normally be recovered in Association's standard rate base.
  - 1) The Applicant must demonstrate the ability to pay the estimated or actual power and energy costs of the applicable rate.
  - 2) The Association may require a guarantee of payment in a form acceptable to the Association if the Association reasonably believes that the Applicant may not have the ability to pay.
- d. The Applicant will guarantee the Association a minimum bill of the higher of the following charges:
  - 1) The minimum specified in the applicable rate schedule.
  - 2) The transformer charge specified in the applicable rate schedule.
  - 3) The minimum established by any facilities agreement covering the development or subdivision within which applicant is requesting service.
- e. At the option of the Association, the Contract for Electric Service may include a service charge in addition to the monthly minimum when justified for extraordinary operations and maintenance of facilities built specifically for the applicant or by reason of the nature or character of the load being served.

SERVICE CONNECTION AND LINE EXTENSION POLICY

5. EXTENSION TO PERMANENT SERVICES - Continued

f. In the event that the estimated amount of service required by the Applicant is much less than that necessary to justify the proposed line extension under this Policy, then the service may be classified as "Indeterminate Service" and connected under the provisions of the extension policy for that service classification. C

g. Depending upon the circumstances involved, the Association may, at its sole option, classify electric service supplied for home construction as either Permanent Service or Indeterminate Service.

h. In the case where the Applicant is not the landowner of the premises to be served, the landowner shall be required to sign the Line Extension Contract and the Contract for Electric Service as either principal or as surety for the Applicant. C

i. The Contribution-In-Aid Of Construction is not subject to refund except as covered by separate policies of the Association that address the redistribution of a large Contribution-In-Aid Of Construction paid by an existing consumer to the Association for a line extension. A new consumer that connects to a qualifying line extension paid for by an existing consumer may, under such policies, be required to reimburse the existing consumer a prorated share of the original Contribution-In-Aid Of Construction.

6. EXTENSION TO INDETERMINATE SERVICE

The Association will extend Indeterminate Service to an Applicant upon the following terms and conditions: C

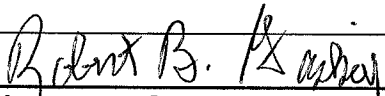
a. The Applicant will enter into a Line Extension Contract and an Electric Service Contract with a ten-year-term with the Association for electric service at the applicable rate schedule. C

1) An individual consumer will sign a service contract.

2) A developer will sign a facilities agreement for all or part of the development.

3) The Applicant will obtain and convey to the Association all Easements necessary for the extension. If the Association must purchase or condemn one or more Easements it will do so at the expense of the Applicant.

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Title: Chief Executive Officer

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SERVICE CONNECTION AND LINE EXTENSION POLICY

6. EXTENSION TO INDETERMINATE SERVICE - Continued

- b. The Association shall require an advance payment as listed below to cover all or a portion of the total cost of facilities used or installed solely for the benefit of the Applicant. At the Association's option, an Applicant for service or a developer may be permitted to establish an escrow account with a financial institution for the purpose of guaranteeing the payment of the cost of facilities. Such an escrow account shall be accessible for withdrawals exclusively by the Association at the discretion of the Association as needed to cover Easements, rights-of-way, material, labor, or other costs incurred by the Association for the line extension.
- (a) At the option of the Association, the contract for service may include a service charge in addition to the monthly minimum when justified for extraordinary operations and maintenance of facilities built specifically for the applicant or by reason of the nature or character of the load being served.
- (b) Upon termination of service at the consumer's request prior to the expiration of the term of contract, reasonable severance charges may be made by the Association taking into consideration construction and removal costs and material salvage.
- (c) The Applicant shall grant to the Association by right-of-way easement or by a recorded subdivision plat the right to enter upon the Applicant's land to construct, operate, and maintain the electric distribution facilities, together with full right of ingress and egress. The Applicant shall obtain and convey to the Association all Easements required from other property owners. If the Association must purchase or condemn right-of-way it will do so at the expense of the Applicant.

7. EXTENSION TO TEMPORARY SERVICES

The Association will extend temporary service to an Applicant upon the following terms and conditions, provided that if, in the opinion of the Association, the furnishing of such service will not work an undue hardship upon it or the existing consumers:

- a. The Applicant will enter into a Line Extension Contract with the Association for electric service at the applicable rate schedule.
- b. The Applicant will guarantee to the Association and may be required to prepay the following charges:

SERVICE CONNECTION AND LINE EXTENSION POLICY

7. EXTENSION TO TEMPORARY SERVICES - Continued

- 1) The total cost of facilities installed for the sole benefit of the Applicant.
  - 2) The cost of removal of said facilities less the salvage value of reusable material.
  - 3) The estimated or actual power and energy costs of the applicable rate.
- c. Temporary service normally shall not be supplied for a period longer than eighteen months, except where heavy construction, such as for dams, tunnels, etc., is involved, and where the service period is known. In other instances, if the Applicant still desires and requests service, it shall be provided in accordance with all the terms of the Association's extension policy applicable to "Permanent" or "Indeterminate" service classification without further consideration of the Temporary Service Agreement.
- d. The connection of additional consumers or the upgrading of service to existing consumers on facilities provided under the "Temporary Service" classification shall be at the option of the Association in order that the guidelines established for the protection of existing consumers may be met.

8. UNDERGROUND LINE AND SERVICE EXTENSIONS

- a. The Association will extend underground service to all classifications of consumers under the same terms and conditions as for overhead for such classification. The Association will own, operate, and maintain the underground facilities up to the meter location or to the point of service as defined in the contract for service.
- b. If the Association is requested to extend underground distribution facilities rather than overhead by a person, firm, or other individual not the consumer or developer requesting the line extension, said person, firm, or other individual shall be required to pay the cost difference between overhead and underground facilities. If underground facilities are requested by a consumer or developer, the extension will be made in accordance with the rules of the applicable line extension classification. However, if a governmental agency or other legal public authority, with the authority to promulgate regulations, designates that line extensions be placed underground, such extensions shall be at the expense of the consumer requesting the line extension.

SERVICE CONNECTION AND LINE EXTENSION POLICY

8. UNDERGROUND LINE AND SERVICE EXTENSIONS - Continued

c. When a developer requests underground facilities, the extension will be in accordance with the rules for the "Indeterminate Service" classification and the following terms and conditions:

- 1) The developer shall provide the Association with an accurate copy of the final plat of the area to be developed as approved by the local government authority having jurisdiction and as recorded with the Clerk and Recorder of the Colorado county in which the development is situated. C
- 2) The Association will install facilities after the developer has established property lot lines, cut streets, alleys and easements to final ground and prior to the paving of streets and the construction of curbs and gutters. The developer shall reimburse the Association for any expense due to subsequent changes by the developer.
- 3) The developer shall be responsible for the replacement or repair cost of installed facilities that are damaged by others within the development during the term of the facilities agreement. N
- 4) Electric service will be provided to consumers located within the development at the Association's applicable rates and upon the terms and conditions adopted by the Association.

9. CONVERSION OF OVERHEAD TO UNDERGROUND DISTRIBUTION

An existing overhead distribution facility will be converted to an underground system by the Association under the following terms and conditions:

- a. The area to be converted from overhead to underground shall cover a reasonable area, which will allow orderly, once only, construction with design toward a loop-feed system. The Association's Engineering Services Department shall determine what constitutes a reasonable conversion area.
- b. The Applicant [which includes a member, a nonmember, a governmental agency or other legal public authority, or other entity, requesting or requiring through regulation] shall pay or otherwise guarantee payment to the Association, prior to the start of construction, a non-refundable Contribution In Aid Of Construction equal to the estimated direct and indirect cost of the underground facilities, plus the cost of removal less the salvage value of reusable material from the overhead facilities. C

SERVICE CONNECTION AND LINE EXTENSION POLICY

9. CONVERSION OF OVERHEAD TO UNDERGROUND DISTRIBUTION - Continued

- c. Notwithstanding the provisions of Section 9 b. a governmental agency or other legal public authority with an agreement, permit, or franchise with the Association for the conversion of facilities to underground that are located either on private or public easement, the Association shall bear none, a portion of, or all of the cost in accordance with such agreement or franchise.
- d. Except in those cases described in paragraph c above, it shall be the responsibility of the Applicant to secure all necessary permits, licenses, franchises, Easements and agreements of all landowners, consumers or third parties involved in the conversion.
- e. Nothing herein shall be construed to prevent the Association from converting selected overhead distribution areas to underground distribution areas, when, in the sole judgment of the Association, such conversion is necessary or desirable and economically feasible. In such cases, the total cost of the conversion shall be borne by the Association.

10. EXTENSION PRIORITIES

If conditions arise that cause the availability of power to be exceeded by the demand for power by the Association's consumers, either as a result of limitations on the Association's system or from conditions off of the Association's system, the Association may curtail service to consumers based on a priority assignment.

Available capacity and materials will be assigned by service classification in the order listed.

- 1) Permanent Service
- 2) Indeterminate Service
- 3) Temporary Service

Within the above service classifications, priorities will be assigned the following consumer classes in the order listed:

- 1) Residential and Agricultural
- 2) Essential Commercial, Industrial and Public Authority
- 3) Non-essential Commercial
- 4) Non-essential Industrial

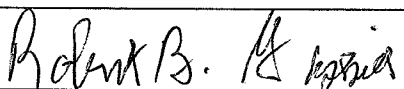
Within the consumer classes, priority will be assigned to providing adequate service to existing consumers before supplying service to new consumers and requests will be handled in the order received.

SERVICE CONNECTION AND LINE EXTENSION POLICY

11. PHOTOVOLTAIC COMPARISON

Upon request by a customer or a potential customer, the Association shall conduct a comparison of photovoltaic energy to any proposed distribution line extension if a customer or potential customer provides the Association with load data (estimated monthly kWh usage) requested by the Association to conduct the comparison and if the customer's or potential customer's peak demand is estimated to be less than 25 KW. In performing the comparison analysis, the Association will consider line extension distance, overhead/underground construction, terrain, other variable construction costs, and the probability of additions to the line extension during the life of the open extension period. If the customer has a ratio of estimated monthly kWh usage divided by line extension mileage that is less than or equal to 1,000 (i.e. kWh/Mileage is  $\leq 1,000$ ), the Association shall provide the photovoltaic system cost comparison at no cost to the customer or potential customer. If the ratio is greater than 1,000, the customer or potential customer shall bear the cost of the comparison, if the cost comparison is requested by the customer or potential customer.

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Signature of Issuing Officer  
Title: Chief Executive Officer

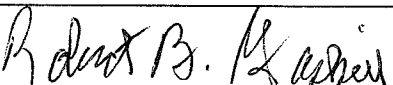
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SERVICE CONNECTION AND LINE EXTENSION POLICY

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Signature of Issuing Officer  
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