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Colo. PUC No. 8
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 Cancels _____ Sheet No. _____

SCHEDULE OF RULES AND REGULATIONS FOR ELECTRIC SERVICE

BLACK HILLS/COLORADO ELECTRIC UTILITY COMPANY, LP
 D/b/a BLACK HILLS ENERGY

Advice Letter No. 616	Decision or Authority No. C08-0204	
Signature of Issuing Officer	Issue Date	
Title Director of Rates- Electric Regulation Black Hills Corporation.	Effective Date December 20, 2008	

RULES AND REGULATIONS ELECTRIC
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SECTION 1-DEFINITIONS

1. **Agricultural Service**: Agricultural Service as used herein is limited to the cultivation, production or processing of crops and does not included livestock feeding, livestock processing or associated feed processing which is classified as industrial service.

2. **Applicant**: An individual or individuals, association, firm or corporation making application for Company's service.

3. **Commercial Service**: Commercial Service is the furnishing of electric energy for all applications, except as expressly prohibited or modified in any applicable rate or the rules and regulations filed with the Public Utilities Commission, in commercial establishments. Any establishment engaged in the operation of a business, whether or not for profit, shall be considered a commercial enterprise. This category includes but is not limited to clubs, lodges, hotels, motels, rooming houses, camp grounds, schools, municipal buildings, churches and eleemosynary institutions. Small Commercial customers are defined as those commercial establishments qualifying for Small General Service rate SGS-N or SGS-D where actual demand is less than 50 kW.

4. **Commission**: The Colorado Public Utilities Commission.

5. **Company**: Black Hills/Colorado Electric Utility Company, LP, d/b/a Black Hills Energy

6. **Connected Load**: Combined nominal rated electrical capacity of all appliances and apparatus installed on customer's premises, which may at the will of the customer, be operated with service supplied by Company.

7. **Customer**: Any person who is currently receiving utility service. Customer applies to any class of customer as defined by the Commission or by utility tariff.

8. **Customer's Installation**: All electric wires, cut outs, switches and electric apparatus of every kind and nature, except Company meters, used in connection with or forming part of an installation for utilizing service for any purpose, ordinarily located on customer's side of "point of delivery" and including "service entrance," whether such installation is owned outright by customer, under lease or otherwise.

9. **Electric Service**: Electric service is the maintenance by the Company, at the point of delivery, of electric energy, available for use by a customer in accordance with the customer's application.

10. **Industrial Power Service**: Industrial power service is the furnishing of electric energy for all applications, for industrial usage, except as expressly prohibited or modified in any applicable rate or the rules and regulations filed with the Public Utilities Commission.

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SECTION 1 - DEFINITIONS (CONTINUED)

11. Irrigation Service: Irrigation service is the furnishing of electric energy for all applications, for irrigation usage, except as expressly prohibited or modified in any applicable rate or the rules and regulations filed with the Public Utilities Commission.

12. Lighting Service: Lighting service is the furnishing of electric energy for all applications, for lighting usage, except as expressly prohibited or modified in any applicable rate or the rules and regulations filed with the Public Utilities Commission. This category includes but is not limited to private area, street, alley, park, highway, and security lighting as well as traffic signals operated by municipalities, governmental agencies, and subdivisions.

13. Net Metering: Net metering measures the difference between the electricity the customer buys from the utility and the electricity the customer produces using its own generating source.

14. Past due: The point at which the company can affect a customer's account for regulated service due to non-payment of charges for regulated service. An unpaid bill will not be considered past due until 15 days after mailing.

15. Point of Delivery: Point where Company's distribution system is connected to customer's installation.

16. Residential Service: Residential service is the furnishing of electric energy for domestic use in private homes and individual apartments where one household is supplied through one meter.

17. Service Connection or Service Loop: The electric conductor, either overhead or underground between the last pole of the Company's distribution system or in case of underground, the pull box and the point of termination at the consumer's installation.

18. Service Entrance: That portion of customer's installation between point of delivery and Company's meter.

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SECTION 2 - GENERAL

1. The following rules and regulations, filed with The Colorado Public Utilities Commission as a part of the electric tariff of the Company, set forth the terms and conditions under which electric service is supplied and govern all classes of service in all the territory served by the Company. They are subject to termination, change, or modification, in whole or in part, at any time as provided by the rules and regulations of said Commission. Service furnished by the Company is also subject to the Company's rules and regulations, the National Electrical Safety Code, and the rules and regulations of The Public Utilities Commission of the State of Colorado. Copies of the Company's publication are available for any customer's inspection at the offices of the Company.

2. No agent, representative or employee of the Company shall have authority to waive or modify the rules and regulations as stated herein, but the Company shall have the right to amend or abolish any of these rules or to make such additional rules as it may deem necessary from time to time subject to their approval by the regulatory bodies having jurisdiction.

3. The Company requests the customer to notify the office of the Company of any insufficiency of supply or unsatisfactory service.

4. **Benefit of Service.** The use of electric service constitutes an agreement under which the user receives electric service and agrees to pay the Company therefore in accordance with the applicable rate schedules, rules and regulations. Each person of full legal age who resides at the premises to which service is delivered shall be deemed to receive benefit of service supplied and shall be liable to the Company for payment, subject to conditions hereinafter stated, whether or not service is listed in his/her name. The primary obligor for payment is the customer of record with the Company. The Company is obligated to pursue reasonable and timely efforts to effect payment by or collections from applicant or customer of record. In the event such efforts are unavailing, and it is necessary for the Company to effect payment by or collection from a user who is not the applicant or customer of record by transfer of an account or otherwise, the Company shall give prior written notice to said user that he/she may factually dispute the applicability of the benefit of service rule stated in this paragraph to his/her specific situation by making written complaint to the Public Utilities Commission. The benefits and obligations of the agreement for service may not be assigned without written consent of the Company.

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SECTION 3 - APPLICATION

1. The Company may require prospective customers to apply for the service desired in person or by telephone and also to establish the customers' credit. All applications for service shall be made by customer and accepted by Company before any service is supplied by Company, and when accepted shall constitute a contract between customer and Company, subject to duly established rules and regulations for the period specified in the rate schedule under which service is furnished. Customer shall not assign any rights thereunder without written consent of the Company.

2. Separate applications for service are required for service at different locations or to cover more than one meter at the same address or location to be used by the same customer unless additional meters are installed for Company convenience.

3. All applications for service shall be made in the true name of the person desiring the service. In case of any violation of this provision the Company may discontinue service to such customer as provided in Section 1.4., General, Benefit of Service.

4. All contracts for service shall be for the minimum period specified in the applicable rate schedule and/or the filed rules and regulations covering line extensions.

5. The contract shall, at the option of the Company, cease and terminate and all bills for service previously furnished immediately become due and payable without further notice in case a landlord's warrant or any writ of execution is issued against customer or levied upon the said premises, or any property thereon, or in case an assignment or any act of bankruptcy is made or committed by the customer, or any petition, either voluntary or involuntary is filed by or against the customer in bankruptcy, and service may be discontinued upon a ten (10) day notice.

6. Customers who intend to remove from the premises or desire to discontinue the use of electricity shall give the Company not less than three (3) business days' notice of such intention or desire. The customer shall be liable for all electricity that may be used upon the premises until such notice has been given and the Company has made the final meter reading, provided such reading is made within three (3) business days after vacation of premises. If the customer does not notify the Company of his/her intention to remove from the premises or his/her desire to discontinue the use of electricity prior to this actual removal, the customer shall be liable for all electricity that may be used upon the premises until such notice has been given and the Company has made the final meter reading, provided such reading is made not more than three (3) business days after receipt of such notice.

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SECTION 3 - APPLICATION (CONTINUED)

7. A contract for service is not transferable by the customer and new occupants of the premises must make application in either the Company office or by telephone before service will be rendered.
8. Before service is connected the customer, without cost to the Company, shall make or procure conveyance to Company of rights-of-way or easements for suitable location of Company's lines, conduits, transformers or metering equipment on or across lands owned or occupied by customer and shall furnish shelter satisfactory to Company for all apparatus of Company located on customer's side of point of delivery.
9. The point of delivery of electric service furnished by Company shall be at the exterior of the building or premises to be served where the same may be furnished with a standard service connection. In cases where the building or premises cannot be served by a standard service connection, special arrangements with the Company will be required. A standard service connection as used herein is one which does not require additional support other than the pole from which the service is taken and one standard service support for each wire to the building to be served.
10. A copy of Company's rate schedules, connection and extension policy, rules governing customer's electric wiring and installations, general and special rules and regulations, supplements thereto and revisions thereof, as filed with the regulatory bodies having jurisdiction, is kept in the office of the Company and is open for inspection during regular business hours. An electronic copy of the rates and rules are also found at the company's website – www.blackhillscorp.com. The customer shall elect under which available rate schedule service shall be supplied.
11. Where there are two (2) or more rate schedules applicable to any class of service, the Company will, upon request of customer, explain to customer conditions, character of installation, or rules of service governing the several schedules and will assist the customer in the selection of the most favorable rate schedule, but the customer must designate and be responsible for the selection of the rate schedule so desired, and Company assumes no liability.
12. Where two or more schedules are available for the class of service required and the customer desires to change from one to the other this may be accomplished upon receipt of request in writing from the customer, but such a change will not be permitted more often than once every twelve (12) months.


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SECTION 4 - DEPOSITS

1. The Company will require a cash deposit under the following two conditions: (1) From a presently or previously served customer whose payment record shows recent or substantial delinquencies; (2) from all new customers except those customers that provide written documentation of a 12 consecutive month good credit history from which that person received electric service. The 12 consecutive months must have ended no earlier than 60 days prior to applying for new service. A third party guarantee of payment will be accepted in lieu of a cash deposit.
2. Such deposit, when required, shall not exceed an amount equal to an estimated 90 days' bill of the customer. The minimum deposit required of a customer will be \$100.00. Every customer from whom a deposit is received shall be issued a receipt.
3. A special guarantee or advanced payment may be required when expenditures over and above those for ordinary service connections are necessary; when exceptional or special methods of constructions are demanded; or in those cases when service is temporary or seasonal in nature.
4. Interest on customer deposits shall be paid annually at a rate determined in accordance with the method prescribed by the Public Utilities Commission of Colorado. Simple interest shall be paid by the Company on such deposits at the rate of 0.63 percent per annum, for the time the deposit was held by the Company and the Company served customer. Interest payments may, at the option of the Company, be made either in cash or by a credit to the customer's account. The interest rate is subject to change upon Commission Approval.
5. Deposits of residential and small commercial customers will be reviewed annually and refunds made to customers whose account is current and no more than one payment within the past 12 months was made after the due date. All other deposits shall be subject to management review prior to refunding; however, in no event will a deposit be refunded to a customer who is continually in arrears.
6. If a customer has no deposit and service is disconnected for nonpayment of bill or violation of the rules and regulations, the Company may require a cash deposit as provided in Section 4.2. above before service is reconnected.
7. In case the character or volume of customer's service should change at any time so that customer's deposit plus accrued interest is inadequate to insure payment of bills as provided for in Section 4.2. above, Company reserves the right to require customer to increase his/her deposit to an amount satisfactory to Company.

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SECTION 4 - DEPOSITS (CONTINUED)

10. Certificates of deposit are not transferable. Deposits shall be refunded upon surrender of the original certificate of deposit or, in case of its loss, upon request of payment supported by proof of an affidavit.

SECTION 5 - CHARACTER OF SERVICE

1. The type of electric service available will depend upon the location, size and type of load to be served. The customer shall ascertain from the local office of the Company the phase and voltage of the service that will be available before proceeding with any wiring or the purchase of motors or special equipment or the installation of wiring for same.

2. The Company reserves the right to specify the kind and voltage of service to be supplied to any location and to specify the voltage at which any customer's service shall be metered in accordance with the applicable rate schedule. Service will be rendered to customer from Company's nearest adequate distribution line and the customer shall accept such service.

3. Service Connection or Service Loop:

A. Overhead service connection or service loops from overhead distribution systems will be installed and maintained by the Company as per terms set forth in Section 21, Extension of Electric Distribution Facilities.

B. Underground service laterals from Company's distribution system will be provided as per terms set forth in Section 21, Extension of Electric Distribution Facilities.

4. Unless otherwise provided by the rate schedule, no other source of electric service shall be introduced or permitted, directly or indirectly, in connection with the customer's equipment to which energy is supplied by the Company without written notice to and written permission from the Company.

5. The rates set forth in the schedule of rates for electric service apply only to the supply and use of electric service of such character as is regularly supplied by this Company in the locality in which the premises supplied are situated. They apply to the regular supply of service and not to auxiliary, foreign, breakdown or emergency service. The Company will not supply electric service for auxiliary, foreign, breakdown or emergency purposes except in accordance with the special provisions for such special services as are filed in its rate schedules.

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SECTION 5 - CHARACTER OF SERVICE (CONTINUED)

6. The Company's service for separate use of tenants or occupants of multiple family houses, office buildings, stores and other leased or jointly used premises will be furnished directly to them through the Company's individual meters and will not be supplied through a master meter for submetering to such tenants or occupants except under conditions provided by the rate schedules for such service.

7. In cases of hoists, elevators, furnaces, welding machines and other equipment where the use of electricity is intermittent or subject to violent fluctuation, the Company reserves the right to require the customer to install at the customer's own expense suitable equipment to reasonably limit such intermittent fluctuations.

8. Reverse phase relays and circuit breakers or similar devices are required for all polyphase services to protect the installation in case of phase reversal or phase failure. Should special cases seem to warrant any exception to the above rules and regulations the Company may after an investigation make such exception.

9. The Company agrees to use reasonable diligence in providing electrical service. In case the supply of current should be interrupted or fail for any reason of accident, state or municipal interference or any other cause not reasonably within the Company's control, the Company shall not be liable for damage resulting from such interruption or failure.

10. **Underground/Overhead Service**

A. Residential Subdivisions

1. In new residential subdivisions Company will extend its electric distribution lines when the subdivisions have been platted for development and installation can be made at one time. Covenants in the plat must dedicate the original filing and all future extensions in the subdivision for electric service.

2. A copy of the initial filing and proposals for all additional filings shall be provided to facilitate planning of service to the complete development.

3. The filed plat will clearly indicate dedicated easements for electric facilities. Developers should consult with Company representatives before finalizing these easements. Easements will include provisions for street lighting circuits.

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SECTION 5 - CHARACTER OF SERVICE (CONTINUED)

4. Company may, at its option, elect to install a front or rear lot system or any combination thereof.

5. The installation of electric facilities by Company is contingent upon completion of suitable grading of premises. Lot stakes and grade stakes shall be provided along the complete route if present grade is within plus or minus six (6) inches of final grade. If not within grade limits, the area shall be brought to final grade prior to installation of electric facilities.

6. If Company is required to move any of its facilities subsequent to installation due to a change in grade or lot lines, the developer or any other applicant shall pay the entire cost of the move. If Company is required to move any of its facilities after service is being rendered therefrom, the customer or other party whose actions causes such move shall pay the entire cost thereof.

7. Provisions for street lighting must be approved by the municipality wherein the lighting is located.

B. Underground Service Laterals from Existing Overhead Distribution

1. New Services: For all classes of service Company will furnish, install or cause to be installed the underground service lateral to the meter location. The customer will contribute to Company an amount equal to the estimated cost of the underground as per terms set forth in Section 21, Extension of Electric Distribution Facilities.

2. Replacement Services: For all classes of service Company will replace an existing overhead service drop with an underground service lateral if the customer pays Company for the full cost of the work involved, including labor, transportation and material for installation of the underground service lateral and labor costs of removal of existing overhead service drop.

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SECTION 5 - CHARACTER OF SERVICE (CONTINUED)

C. Underground Primary Service

1. When an applicant requires the extension of Company's primary service underground on private property, Company will furnish and install or cause to be installed said primary facilities. The applicant will contribute to Company an amount equal to the estimated cost of the underground primary including transformer and protective devices. Said primary extensions are also subject to the provisions of Section 21, Extension of Electric Distribution Facilities.
2. In the event applicant elects to own the transformer, Company will provide the underground primary as in Section 5.C.1. above exclusive of any cost difference considerations for transformer to be owned by applicant. Applicant owned transformers must conform to Company specifications for similar equipment.
3. In event primary distribution is installed as in Section 5.C.1. or Section 5.C.2. above, applicant will install, own and maintain all secondary distribution from transformer to service entrance.
4. Metering location will be at option of Company. Applicant or applicant's representative should consult with Company regarding this matter prior to finalizing of plans.

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SECTION 6 - RATE APPLICATION

1. Application of Residential Rate: The Residential Electric Rate applies to service for the individual customer for domestic purposes in a private home or individual living unit where only one household is served through a single meter. Service to out buildings such as garages and barns used in connection with the residence may also be served through the residential meter.

2. Application of Small General Service Rate: The Small General Service Rate applies to electric service for small commercial, agricultural, industrial and institutional customers where load characteristics are such that they do not qualify or could not benefit from service under any other rate.

3. Application of Large General Service Rate: The Large General Service Rate applies to all classes of large commercial, industrial, and institutional customers whose load characteristics, i.e. demand in kW, kWh and load factor are such that they can benefit from the rate over other available rates. There is a minimum demand requirement.

4. Application of Large Power Service Rate: The Large Power Service Rate applies to all classes of large commercial, industrial, and institutional customers whose load characteristics, i.e. demand in kW, kWh and load factor are such that they can benefit from the rate over other available rates. There is a minimum demand requirement. Customers with a maximum demand in excess of 1,400 kW at least twice during a consecutive twelve (12) month period may, at the option of the Company, be required to take service under this rate.

5. Application of Irrigation Pumping Rate: The Irrigation Rate applies to service for water pumping and other equipment or devices that support pumping operations for irrigation.

6. Application of Private Area Lighting Rate: The Private Area Lighting Rate applies to electric service for lighting private areas and grounds, for protective and safety purposes.

7. Application of Street Lighting Rate: The Street Lighting Rate applies to electric service for street, alley, park and highway lighting provided by municipalities or other governmental authorities, school districts, subdivisions, and unincorporated communities.

8. Application of Traffic Signal Lighting Rate: The Traffic Signal Lighting Rate applies to electric service for traffic signals or other warning lights.

9. Application Of Temporary Service Rate: Customers desiring service for a shorter period than one (1) year may obtain it under the schedule of rates for electric service of the Company by depositing with the Company, in advance of construction, a non-refundable sum equal to the actual cost (excluding transformer and meter costs) to install the connection and the estimated removal costs upon termination of service.

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SECTION 6 - RATE APPLICATION (CONTINUED)

10. Supplemental Schedules: Additional or supplemental schedules may be filed from time to time and information concerning the rates to be charged and the character of service available should be obtained by the customer before the premises are wired.

11. Combined Residential and Commercial Service: Where both residential and commercial classes of service are supplied through a single meter, such combined service shall be classified as commercial and billed at the commercial rate. The customer may arrange his/her wiring so as to separate the commercial service from the residential service, in which event two (2) meters will be installed by the Company and separate residential and commercial rates will be billed to the respective classes of service.

SECTION 7 - BILLING

1. At each point of delivery the use of service shall be metered separately for each customer served. Whenever for any reason Company furnishes two (2) or more meter installations for a single customer, each point of metering shall be considered a separate service and be separately billed, except under special circumstances as described in Section 12.2., Meters, Combined Readings for Billing Purposes.

2. The meter will be read at the time service is established and on the next regular read date of the area billing cycle. Thereafter, readings will be taken at approximate thirty (30) day intervals, unless otherwise provided in the applicable rate schedule.

3. Bills are payable monthly, unless otherwise provided in the rate schedule, to an accredited agent not later than fifteen (15) days from date of bill.

4. Removal bills, special bills, bills rendered on vacation of premises or bills rendered to persons discontinuing service must be paid upon presentation. All bills must be paid at the offices of the Company or authorized agents within the time specified on the bills. The Company will mail to the customer at the address shown on the application for service, a bill for electricity delivered thereunder.

5. The Company shall adjust customer charges for electricity incorrectly billed as follows:
A. In the event of under-billings, the utility may charge for the period during which the under-billing occurred, with such period not to exceed 6 months. In the event of under-billing, the customer may elect to enter into a payment arrangement on the under-billed amount. The payment arrangement shall be equal in length to the length of time during which the under-billing lasted. Such under-billings shall not be subject to interest.

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SECTION 7 - BILLING (CONTINUED)

B. In the event of over-billings, the utility shall refund for the period during which the over-billing occurred, with such period not to exceed 2 years. In the event of over-billing, the customer may elect to receive the refund as a credit to future billings or as a one-time payment. If the customer elects a one-time payment, the utility shall make the refund within 30 days. Such over-billings shall not be subject to interest.

C. The periods set out in section 7.5.A and 7.5.B shall commence on the date on which (1) either the customer notifies the utility or the utility notifies the customer of a billing error or (2) the customer informs the utility of a billing error dispute or makes an informal complaint to the External Affairs section of the Commission.

6. A month, as referred to in these rules and regulations, shall mean the period between any two (2) regular consecutive readings by the Company of the meter or meters, on the customer's premises. Should the Company be unable to read the meter or meters for one (1) or more months, the Company will presume that the consumption registered by the meter subsequent to the last previous meter reading was utilized during two or more intervening months in proportion to the customer's previous consumption. If the next reading shows that the bill for the amount of electricity delivered since the last previous meter reading computed on the published rates of the Company, is not equal to as much as the minimum charge for each month that has passed since the last previous meter reading, then the customer agrees to pay the minimum charge for each month since the last regular reading. If the customer intends to be absent for a period in excess of one month he should notify the Company in writing to that effect. The Company will then bill the customer at the minimum bill for one or more months and will consider all consumption on the meter to have been used during the one normal billing month unless meter registration indicates quite conclusively that service was used in both or all of the intervening months.

7. To compensate the Company for the cost of processing bad checks, the Company will make a charge of \$15.00 to any customer whose check for payment is returned by the bank as not payable.

8. Delayed Payment Charges:

A. All bills for utility service are due and payable upon receipt. A bill shall be deemed delinquent if payment thereof is not received by the Company or its authorized agent on or before the date stated on the bill which date shall be:

1. For all non-residential customers, the fifteenth (15th) day after date of billing.

B. When a bill becomes a delinquent; a late payment charge in an amount equal to one and one half percent (1.5%) of the delinquent amount owed for current non-residential utility service will be added to the customer's bill.

C. If the last calendar day for remittance falls on a Sunday, legal holiday, or any other day when the offices of the Company are not open to the general public, the final payment date shall be extended through the next business day.

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SECTION 8 - DISCONTINUANCE OF SERVICE

1. In case of bills not paid within thirty (30) days of due date of bill, the Company may discontinue service to the delinquent customer.

2. Discontinuance of service is subject to the terms and conditions of Commission Rule 3407 , "DISCONTINUANCE OF SERVICE" and Commission Rule 3408, "NOTICE OF DISCONTINUANCE OF SERVICE," as found in the PUC Rules Regulating the Service of Electric Utilities

3. If service has been discontinued because of non-payment of bill or for a violation of Section 8.2. above, the customer must pay all delinquent bills plus \$50.00 to cover the cost of reconnection if such reconnection occurs during regularly scheduled business hours. If reconnection is requested after regularly scheduled business hours, a payment equal to the Company's fully loaded actual costs of labor and transportation will be made. The Company reserves the right to refuse to render service to a customer at any new address until all delinquent bills of such customer for prior service in any area served by the Company in Colorado are paid.

4. For the convenience of the property owners and of new customers, Company may elect not to disconnect or remove its electric meters when service is discontinued by the customer, except upon request of the property owner.

5. When the customer ceases to use electric service or vacates the premises at which service has previously been taken by the customer, the customer shall notify Company at once and a final bill will be rendered. Where the meter has not thereafter been disconnected, a new customer commencing to take service at premises previously served, or an existing customer resuming service at such premises, shall immediately notify Company and shall be responsible and will be billed for all energy registered by the meter subsequently to previous occupant. The owner or agent of the property will assume payment for any part of the energy consumed subsequent to the meter reading following discontinuance of service by the last previous occupant.

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SECTION 8 - DISCONTINUANCE OF SERVICE (CONTINUED)

6. RESTORATION OF SERVICE

When service to a customer has been discontinued, it must be restored within 24 hours (excluding weekends and holidays), or within twelve (12) hours if the customer pays any necessary after-hour charges, if the customer satisfies any one of the conditions set out hereunder. Unless prevented from doing so by safety concerns or extenuating circumstances, service must be restored after the customer:

- A. Pays in full the amount for regulated charges shown on the disconnection notice plus any required deposit and collection and reconnection charges.
- B. Pays at a minimum, any collection or reconnection fees required by Company tariff, enters into an installment payment plan and makes the first installment. This provision shall not apply if the cause for disconnection was a customer's breach of previous arrangements.
- C. Provides a medical emergency certificate as set out in Rule 3407 (e) (IV).
- D. Notifies the Company and it is confirmed that the cause for disconnection, if other than nonpayment, has been cured.

SECTION 9 - IRREGULAR DIVERSION OF ELECTRICITY

1. The Company shall have the right to discontinue its service upon a ten (10) day notice to any customer on any premises:

- A. If lights, appliances or other electricity consuming devices are connected on the line side of the meter, or any connections or devices of any kind are found installed on the premises of the customer, which would prevent the meter from registering the total amount of electricity used or to be used.
- B. The Company may elect to remove any electric consuming devices or connections on the line side of the meter itself causing a momentary interruption of service. Such interruption shall not constitute a discontinuance of service and shall not require advance notice.
- C. If anyone has interfered or tampered with any wires or devices connected with the Company's electric distribution system, thereby making possible the use of electricity at customer's premises without the knowledge and consent of the Company.
- D. If the customer, or anyone connected with them, or anyone with their knowledge and consent has violated any of the provisions of the Colorado statutes, city or town ordinances, statutes of the United States or other lawful regulations, applicable to the Company's service at the customer's premises.

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SECTION 9 - IRREGULAR DIVERSION OF ELECTRICITY (CONTINUED)

2. The existence of electricity consuming devices, installed ahead of the meter or any tampering or interfering (including the breaking of meter seals) with wires, devices or equipment connected to the Company's distribution system, or the injury, alteration or obstruction of any meter which will permit or make possible the use of electricity without the knowledge and consent of the Company, shall be taken as prima facie evidence of the diversion of electricity by the customer in whose name service to the premises is being rendered.

3. In case a Company check meter registers more current in the same interval of time than does the meter installed at the customer's premises, that fact shall constitute prima facie evidence that unregistered electricity has been diverted by the customer.

4. The Company shall, in any reasonable manner, compute the amount of unmetered electricity, and may request to inspect the customer's premises to make an actual service count of all current consuming devices. Such computation will be made for a period beginning with the date the customer began using service at the location where the irregularity was discovered, unless evidence indicates that the diversion of service commenced at a later date, and ending with the date on which the irregularity ceased. In cases where the Company for any reason whatsoever is unable to make a service count, the computation shall be based on other available information. Bills for such unmetered electricity based on the rates effective during the period of irregularity, for the cost of disconnecting service and for the expense incurred by the Company in investigating and determining the diversion of electricity, shall be due and payable upon presentation.

5. When service has been discontinued for a diversion of electricity, the Company shall not be required to furnish service to the customer, or to any one for his/her use, at the same or any other place, until:

A. The customer shall have paid all bills as set forth in the preceding paragraph, plus the cost of disconnecting service.

B. The customer shall have paid the cost of installing, or shall have installed, upon the premises wherever the customer desires service, such continuous metallic conduit, either rigid or flexible, as the Company may require, and such other protective devices as will permit the installation of the Company's standard outdoor metering equipment for the purpose of preventing future irregular diversion of electricity.

6. The foregoing rules and regulations applicable to irregular diversion of electricity are not in any way intended to impair, affect or modify any action or prosecution under the criminal statutes of the State of Colorado.

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SECTION 10 - CUSTOMER'S WIRING AND EQUIPMENT

1. Customer shall at his/her own expense furnish, install and maintain all electric wiring and apparatus including necessary protective devices essential to utilization of service beyond the delivery point. The customer's equipment and apparatus shall be suitable for the Company's service and shall be installed and maintained in good and safe condition by customer in accordance with the rules and regulations of the National Electrical Code and/or rules and regulations of the Company on file with the Commission except as modified by regulations of municipal or other public authorities applicable thereto.

2. When inspection is required under regulation by municipal or other public authority, service will not be connected until proper inspection and approval has been made.

3. The Company reserves the right to refuse service if the customer's installation is not maintained in accordance with the National Electrical Code and/or rules and regulations of the Company on file with the Commission except as modified by regulations of municipal or otherwise qualified public authorities.

4. The Company reserves the right to regulate and control the use of electricity in any class of service so that it will not unduly interfere with other electric service. The customer's use of service shall not cause undue fluctuation or disturbance on the Company's distribution system. If upon inspection the equipment or wiring is found unsafe or likely to result in disturbance or interruption of electric, television, or radio service to others, the Company may refuse to connect or to continue service until the customer, at his/her own expense, remedies such faults and defects.

5. In the event a customer shall add to or increase the size of his/her electrical equipment, he shall notify the Company in writing so that its meter and other equipment may be enlarged sufficiently to care for the increased load. If the customer fails to so notify the Company he will be held responsible for any damage to the meter or other equipment of the Company caused by such increased load.

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SECTION 11 - SERVICE ENTRANCE EQUIPMENT

1. The point of attachment of service drop to the exterior of a building shall not be less than ten (10) feet from ground, and shall meet all requirements of the National Electrical Code.

2. All service entrance wires shall be located at a point on the building most convenient for connection to the Company's lines and shall be extended through building's outside wall at such a point as will avoid the placing of open service wires over roofs or on adjoining property, too near other wires, windows, awnings, drain pipes, chimneys or other obstructions. The location of point of connections shall be designated by local authorized electrical inspectors and/or the Company.

3. For new service locations:
 - A. In an overhead distribution area, the Company will provide a service drop, cable or wires to the customer's service entrance. Whenever it is provided that the customer shall perform any work or furnish or maintain any equipment or facilities, the customer shall do the same, or cause the same to be done at his/her expense.

 - B. The customer shall furnish, install, and maintain all wiring and equipment including service masts, end boxes, service switch, meter connections, ground rod and any associated materials for the service entrance. The Company will furnish meters, meter sockets, metering transformers and test blocks.

 - C. Except as otherwise provided by law or municipal ordinance, service entrances shall be installed by the customer in accordance with the rules and requirements of the National Electrical Code. The customer shall install rigid conduit or electrical metallic tubing between service entrance head and meter socket

4. The meter socket shall be placed on the supply side of the main safety switch circuit breaker or fuse, except where multiple-occupancy buildings require a main switch to meet National Electrical Code requirements.

5. All new installations of three (3) or more circuits must be wired for 120/240 volt, 3-wire when secondary distribution is single-phase except when distribution is connected wye, the voltage will be 120/208.

6. Any enclosures installed on the service side of the meter, which allow access to the service wiring, shall be sealable.

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SECTION 11 - SERVICE ENTRANCE EQUIPMENT (CONTINUED)

7. The authorities having jurisdiction and the Company require that the service neutral be grounded to the metal enclosure of the service equipment, both the entrance switch and the meter socket. It is also required that approved clamps be used when connecting to the ground rod.

8. For transformer type meter installations, the customer shall install meter sockets and instrument transformers on initial installations and on subsequent alterations to the main cable or bus circuit. The customer shall furnish and install conduit between meter and metering transformers. The Company will furnish and install color-coded secondary wiring between meters and metering transformers in the aforesaid conduit.

9. Where aluminum wire is used in meter sockets, an inhibitor contact-aid must be used on terminals to prevent oxidation, and to maintain good electrical surface contact.

10. Where installation of combination meter sockets is requested, the customer is required to comply with the requirements specified in Company's Electric Extensions Standards handbook.

11. A minimum of three (3) feet of wire shall extend from the service head for connection to the Company's service loop. The neutral wire shall be marked distinctly so that it may be readily identified.

SECTION 12 - METERS

1. **Ownership:** All meters and other devices furnished by the Company will be maintained by the Company and shall remain its property.

2. **Combined Readings for Billing Purposes:** Combining meter readings to determine total bills for any customer is prohibited except in those cases when it is a convenience to the Company to install more than one (1) meter for customer use under a single contract.

3. **Location:** Meters and necessary metering apparatus shall be located in a suitable space provided by the customer at a location approved by the Company.
This location shall be:
 - A. An outside location substantially free from vibration.
 - B. Readily accessible and convenient for reading, testing and servicing.
 - C. Such that all metering apparatus will be protected from injury by the elements, or through neglect, or deliberate acts of persons.

4. In case it is not practical to furnish a suitable outside location for the metering apparatus, approval must be obtained by the customer from the Company for installation of such apparatus at an agreed upon indoor location.

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SECTION 12 - METERS (CONTINUED)

5. Meter sockets or similar meter mounting devices must be securely fastened to the wall and so mounted that the meter will be centered between four feet six inches and five feet six inches above the floor or ground. It is the customer's responsibility to maintain this condition.
6. When two or more meters are served from a single service entrance, all meters shall be grouped in a manner specified by the Company.
7. On all installations of two (2) or more meters, each meter location shall be legibly and permanently marked by the applicant/customer to indicate at all times the room, apartment, portion of a building, or special use supplied therefrom.
8. Whenever the entrance wiring has to be replaced or changed for any reason other than emergency restoration of service, indoor meters shall at that time be brought to an outdoor location in compliance with the requirements of this section.
9. All service shall be metered on secondary side of transformers unless otherwise specified in the applicable rate schedule. If a rate schedule specifies that service shall be metered on one side, either primary or secondary, of a transformer, the Company, at its option, may install the meter on the other side. In such an instance, an adjustment for losses will be made in accordance with the provisions of the special terms and conditions listed in the applicable rate schedule.
10. Accuracy: The Company will exercise reasonable means to determine and maintain the general accuracy of all electric meters in use. All meters will be tested for accuracy of adjustment and registration before installation and will be tested after installation in accordance with the test schedule hereinafter set forth and, if inaccuracy is found, such meters will be adjusted to register within the following limits:

	<u>Watt-hour Meters</u>	<u>Demand Meters</u>
Error at heavy load	<u>±2%</u>	2% of full scale deflection, except error may be 3% for thermal type meters
Error at light load	<u>±2%</u>	

Light load shall be taken as approximately 5% to 10% of rated capacity and heavy load as 60% to 100% of rated capacity. No meter that registers consumption of energy with no-load on the meter will be placed in service or allowed to remain in service in such condition. A watt-hour meter will be considered to register on no-load when, with all load wires disconnected, the moving element makes one complete revolution in ten (10) minutes or less.

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SECTION 12 - METERS (CONTINUED)

11. Testing Equipment: The Company will provide such testing apparatus and equipment as may be necessary to comply with the rules and regulations of the Public Utilities Commission of the State of Colorado and the provisions thereof.

A. The Company will have available standard portable watt-hour meters (rotating standards), indicating electrical instruments, and portable volt-meters of all types and capacities suitable for testing service meters and making necessary electrical tests.

B. The Company will have available suitable electric measuring instruments and meters to be used as reference standards for testing and maintaining the accuracy of its portable testing meters and instruments.

12. Testing Routine Schedules: The Company will test its alternating current 2-wire, 120 volt or 3-wire, 240 volt; or network 3-wire, 120/208 volt single-phase watt-hour meters without indicating demand registers and without pulse initiators, in accordance with the selective testing program on file or as amended and filed with the Public Utilities Commission of the State of Colorado. The Company will test its other alternating current watt-hour meters on a calendar year basis within the following periodic time intervals:

A. Alternating current watt-hour meters:

- 1. Instrument transformer rated
 - a. Polyphase 4 years
 - b. Single-phase 8 years
- 2. Self-contained
 - a. Polyphase 6 years

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SECTION 12 - METERS (CONTINUED)

- 3. Demand
 - a. Integrating (block interval) including demand registers and associated control devices Same as associated watt-hour meters, but not to exceed 6 years
 - b. Lagged (thermal) Same as associated watt-hour meters, but not to exceed 6 years
 - c. Billing recording meters 2 years

- B. Var-hour Meters: Same as schedule for associated watt-hour meters

13. Other Tests: The Company at any time, upon written request of the customer, shall test the customer's meter as soon as practicable after receipt of such request. The result of the test will be the basis for settlement of any dispute as to the accuracy of the meter. Such request shall not constitute a reason for withholding payment of bills when due. The test shall be performed at no charge to the customer with the following exception: when the meter has been tested within the twelve month period prior to the request and the test shows the average error of the meter, as defined below in Section 12.15.B., to be less than the limits set forth above in Section 12.10., the test shall be at the customer's expense. The customer shall have the right to require the Company to conduct the test in the presence of the customer or his/her authorized agent. Authorized agent includes a representative of the Colorado Public Utilities Commission as provided below in Section 12.14.A.

The Company may at any time, at its expense, test any of its meters. If inaccuracies exceeding the limits set forth above in Section 12.10. are detected, adjustments and corrections will be made according to Section 12.15.

14. Written Application to the Commission

- A. Upon written application to the Commission by the customer, the Commission will send a trained employee to witness the test of any service meter as performed by the Company. The application for the service shall be accompanied by a remittance of the amount fixed below as the fee for the service. If the meter is found to be fast beyond the limits prescribed below in Section 15, the Company shall reimburse this fee to the customer. The schedule of fees for this service shall be as follows:
 - 1. For continuous current and single-phase meters operating at 480 volts or less, up to and including 200 amperes rated capacity of meter element, each..... \$50.00
 - 2. For single-phase meters above 480 volts and for polyphase meters with or without instrument transformers, each \$50.00

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SECTION 12 - METERS (CONTINUED)

B. Upon written application to the Commission by the Company, the Commission will send a trained employee to witness a test of any of the Company's service meters upon payment of the scheduled fee. This provision and the above schedule of fees apply only when there is a dispute between the customer and the Company regarding the accuracy of the meter.

15. Adjustment of Bill for Meter Errors

A. If upon test of any service watt-hour meter, made at the request of the customer, it is found to be more than two (2) percent fast at any load, additional tests shall be made to determine the average error of the meter.

B. Average error: the average error of the meter in tests made at the request of the customer shall be defined as the arithmetic average of the percent registration at light load and at heavy load, both at unity power factor, giving the heavy load registration a weight of four (4) and the light load registration a weight of one (1).

C. When a meter is found to have a positive average error; that is, is fast in excess of two (2) percent in a test made at the request of the customer, the Company shall refund to the customer an amount equal to the excess charged for the kilowatt-hours incorrectly metered for a period equal to one-half of the time elapsed since the last previous test, but not to exceed twenty four (24) months.

D. When a meter is found to have a negative average error, that is, is slow in excess of two (2) percent in a test made at the request of the customer, the Company may make a charge to the customer for the kilowatt-hours incorrectly metered for a period equal to one-half of the time elapsed since the last previous test, but not to exceed six (6) months.

E. If a meter is found not to register or to partially register for any period, the Company shall estimate a charge for the kilowatt-hours used by averaging the amounts registered over similar periods, or over corresponding periods in previous years, or such other acceptable information available. The period for which the utility charges the estimated amount shall not exceed six (6) months.

F. If a meter is found to register on no-load, an estimate will be made of the registration produced thereby for a period not to exceed twenty four (24) months preceding such finding and a corresponding refund will be made to the customer.

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SECTION 12 - METERS (CONTINUED)

16. Notification of Defects: Customer shall notify the Company of any defect in Company's wiring or equipment or of failure of meter to register. If the Company's meters fail to register, the Company shall adjust the charges described above in Section 12.15.

SECTION 13 - INDOOR INSTALLATIONS

When an indoor installation of transformers or other oil-filled equipment is required by the customer or when conditions of his/her property are such that an outdoor installation is impracticable, the customer shall furnish upon his/her property, without cost to the Company, a building, room, or vault which shall meet the requirements of the National Electrical Code, adequate for the housing of such transformers, meters, switches and other equipment which have to be furnished by the Company. This room shall be ventilated, readily accessible, free from excess moisture or dust, and securely protected against access by any person except Company agents or inspection authorities.

SECTION 14 - ACCESS

The customer shall give the authorized agents of the Company permission to enter the customer's premises at any reasonable hour for the purpose of installing, inspecting, repairing, removing or reading the registration of any or all of the Company's apparatus located on the customer's premises and used in connection with the supply of electricity.

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SECTION 15 - LIABILITY

1. The customer shall be responsible for all damage to or loss of the Company's property located on the customer's premises unless occasioned by causes beyond his/her control or by the Company's negligence.
2. The Company shall not be liable for damage resulting to the customer or to any third persons from the use of electric current or the presence of the Company's property on the customer's premises unless due to fault or neglect on the part of the Company.
3. The Company is not liable or responsible to the customer for any loss, injury or damage which may result from defects in the wiring or devices owned by the customer or on the customer's premises or from the connection of the Company's service wires with the customer's wires and appliances. The Company contracts only to furnish electric service.
4. The Company shall not be liable for injuries or damages to persons or property caused by guy wires, ropes, attachments, structures, or any other apparatus or material not the property of the Company which may cross over, go through, or be near the Company's lines or property. When stacks, guys, drain pipes, aerials, antennas, and other obstructions are being erected or removed in close proximity to the pole lines or wires of the Company, notice should be furnished to the Company in order that it may render assistance in protecting life and property and its service.
5. Aerials for radio, television or broadcasting equipment must not be placed over or under Company lines or attached to Company poles, towers or structures. Installation of any type of antennae shall comply with provisions of Article 810 of the National Electrical Code.
6. The Company shall not be liable for damages resulting from interruptions or failure of service occasioned by accidents, state or municipal interference, or any other cause, not reasonably within the Company's control.
7. In case of any shortage of electric supply, from whatever cause, that limits the Company's supply to less than total system demand or any emergency that limits the Company's ability to deliver total system requirements, the Company shall have the right to grant preference to that service which, in its opinion, is most essential to the public welfare. Company shall also have the right to put into effect, without notice, involuntary curtailments as are necessary to preserve system integrity, which may include blackouts of parts of Company's system on a rotating basis.

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SECTION 16 - MOBILE HOME PARK SERVICE

1. Upon application by a Mobile Home Park owner, Company will furnish and install or cause to be installed an underground distribution system subject to Section 21, Extension of Electric Distribution Facilities; and the following conditions:

- A. Owner must present written evidence that the entire park and any future extensions thereof will be dedicated to underground electric facilities.
- B. When all of the requirements of Section 16.1.A. have been met, Company will extend its primary distribution underground into the park placing transformers as required for indicated load.
- C. At points along the primary route, mutually agreeable to Company and owner, Company will group meters as required in meter pedestals provided by Mobile Home Park owner and approved by Company.
- D. Owner will install, own and maintain the underground secondary service wiring from the metering points to service equipment, owned by owner, at each space. Service equipment must meet all applicable local, state or national code requirements.

2. Upon request the Company will render electric service directly to each mobile home space through individual Company-owned meters and bill each meter as a separate customer of the Company in accordance with the provisions of the following stated conditions and policies.

- A. The mobile home park owner shall provide the Company with satisfactory evidence that his/her facilities and operations comply with all provisions of any mobile park ordinance or other rules and regulations of public authorities having jurisdiction in the area.
- B. Owner shall provide a plat of the park noting all streets and easements, rental spaces and locations of all utilities serving the area. Recorded easements will be granted to the Company for all Company's required electric facilities if easement is not noted on a recorded plat.
- C. Owner will cause to be displayed, in a permanent manner, identifying lot numbers for each space for which metered electric service is required.
- D. Owner will provide the necessary pole, at each space, for support of Company's service drop and meter housing in the size and the location specified by Company. Yard lighting and other general service wiring shall be installed on such service supports by owner in such a manner as not to interfere with the proper clearances of Company facilities to be attached hereto.

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SECTION 16 - MOBILE HOME PARK SERVICE (CONTINUED)

- E. Owner will furnish, install and maintain all general service, wiring, fusing or protective equipment and devices necessary for utilization of direct Company service by individual mobile home owners. Installation will be in accordance with Company's Rules and Regulations and all applicable local, state or National Electrical Code.

- F. General service for street lighting, water pumping, laundries, community buildings, signs, etc. will be served through one meter on secondary wiring installed, owned and maintained by applicant and will be billed at the appropriate General Service rate schedule.

- G. The service supplied each individual mobile home by the Company will be billed at the residential rate schedule, subject to the terms of the rate schedule and the filed rules and regulations pertaining thereto.

- 3. Extensions provided under terms of Section 16.1., will also be subject to the terms of Section 21, Extension of Electric Distribution Facilities, and particularly Section 21.5., Indeterminate Service.

- 4. Mobile home parks presently receiving service on a master metered basis may continue to do so. However, Company may upon request and at its option elect to furnish individually metered service within the park. In that event, owner will agree to deed to Company for \$1.00 all existing distribution facilities within park area and to make a non-refundable cash contribution to Company in an amount equal to 100% of cost of installing and upgrading distribution system within park to provide individual metered service to each space. Said contribution will not include cost of transformers or metering. Service will then be provided as in Section 16.1.

SECTION 17 - FORCE AND EFFECT OF OTHER RULES AND REGULATIONS

- 1. Except as herein modified, all rules and regulations now or hereafter filed with the Public Utilities Commission of the State of Colorado and other regulatory bodies, having jurisdiction, shall remain and be in full force and effect.

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SECTION 18 - MOTORS AND EQUIPMENT

1. General

A. In order that service to lighting customers may not be unduly affected, the following limitations on motor starting current, type and size of motors, and other current using equipment are necessary.

For usual applications, the Company renders 60-cycle secondary service from circuits of the following characteristics:

1. Single-phase, 3 wire, 120/240 or 120/208 volts
2. Three-phase, 4 wire, delta 120/240 volts, where available
3. Three-phase, 4 wire, wye 120/208 volts
4. Three-phase, 4 wire, wye 277/480 volts
5. Three-phase, 3 wire, 480 volts

B. Service provided at primary voltages will be supplied where conditions warrant. It is particularly important that the Company be consulted in these cases. The Company will designate the type of service based on the location, size and nature of the proposed load, and its relation to the Company's facilities.

C. Service as listed in Section 18.1.A. is available generally. Three-phase service may not be generally available except in commercial and industrial districts. Prior checking with the Company will determine the availability of this service.

D. Customers and contractors contemplating the purchase and/or installation of any three-phase motor larger than ten (10) horsepower or any single-phase motor larger than seven and one-half (7 ½) horsepower, or a welder, should obtain from Company representative written information relating to the character of service available at the address of such proposed installation.

2. Motors

A. Individual single-phase motors rated at seven and one-half (7 ½) horsepower or less will ordinarily be permitted at any point where electrical service is available. Individual single-phase, 230 volt motors larger than seven and one-half (7 ½) horsepower may be connected upon special approval of the Company.

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SECTION 18 - MOTORS AND EQUIPMENT (CONTINUED)

B. A single-phase or three phase motor may be started "across-the-line" if its total starting current does not exceed the limitations as described below in Section 18.2.C.

C. Starting currents must be limited to a value that will not cause more than a two percent (2%) voltage dip, as measured on the primary side of the service transformer, based on not more than two (2) starts per hour unless approved by the Company prior to installation.

3. Welders

A. Individual transformer type arc welders for 240 volt, single-phase connections, whose rated primary input current does not exceed 30 amperes, will be permitted at any point where electrical service is available so long as this connection does not unduly affect service being rendered to other customers from the same secondary.

B. Larger welders shall be connected only upon special applications and arrangements for service.

4. Power Quality

A. The Company is responsible for maintaining power quality in conformity to industry standards.

B. The Company utilizes many industry standards to evaluate power quality. The IEEE Std 519-1992 is considered a primary resource.

C. The Customer is responsible for limiting harmonic currents and other power quality abnormalities initiated in the Customer system and introduced into the Company's power system.

D. The Company should be contacted prior to the installation of known equipment that alters or injects distortion onto the Company's 60-Hertz distribution system.

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SECTION 19 - BUDGET BILLING PLAN

1. Any customer may elect to be billed on the Budget Billing Plan. The Budget Billing Plan calculates a monthly budget bill amount based on the rolling twelve (12) month average of actual customer bills. The monthly amount billed a customer will not be changed unless the budget bill amount increases or decreases more than ten percent (10%) from the previous month budget bill amount. The Budget Billing Plan is also referred to as a rolling average with a +/- 10% threshold plan.
2. A customer entering the Budget Billing Plan will pay an amount equal to the average of the previous twelve (12) months' actual bills plus one twelfth (1/12) of any existing prior balance. An estimated bill will be calculated for a customer entering the plan without an account history
3. A customer may elect to enter the Budget Billing Plan in any month of the year. At the end of the first full customer year (12 months) under the plan, and each year thereafter, the balance of each account, whether negative or positive, will be divided by twelve (12) and one twelfth (1/12) of the amount will be added to or subtracted from the budget bill amount.
4. A customer may discontinue the Budget Billing Plan at any time by notifying the Company and making suitable payment arrangements for the outstanding balance of the account.
5. Monthly payments under the plan must be made by the normal due date of the bill. Termination of service for non-payment of a bill will subject a customer to removal from the plan and the outstanding amount of the account for actual usage shall be due and payable.
6. The monthly payment may be subject to adjustment during the year due error in computations.
7. A credit balance in a customer's plan account will not draw interest. Monthly plan payments must be made as scheduled even though a credit balance exists in the account.

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SECTION 20 - CO-GENERATION AND SMALL POWER PRODUCTION FACILITIES

1. Definition: Co-Generation and Small Power Production Facilities are those facilities not owned by a person(s) primarily engaged in the generation or sale of electric power other than that electrical power solely from co-generation small power production facilities.

2. Qualifying Criteria: Co-Generation and Small Power Production Facilities must be a "qualifying facility" as defined in Title 18, Code of Federal Regulations, Part 292, Sections 292.201 through 292.207. Owners and/or operators of these facilities must meet any applicable Public Utilities Commission rules and revisions thereof and must comply with any and all applicable Company tariff provisions on file and in effect, all of which may be revised from time-to-time. In addition the owner and/or operator shall comply with the Interconnection Standards For Co-Generation and Small Power Production Facilities as established by the Company.

3. General Rules Applying To All Categories of Co-Generation and Small Power Production Facilities

A. In the event that operation of these facilities adversely affects other Company facilities or their respective operations, the operator will be required to correct any deficiencies and reimburse the Company for any losses and/or increased cost created by operation of the facility.

B. The costs associated with reviewing and evaluating the effects of the proposed interconnection of the facility with the Company's distribution or transmission grid and the detailed engineering and testing of the facility shall be paid for by the facility owner at standard engineering rates applicable at the time such review and evaluation takes place.

C. The Co-generator or Small Power Producer (CG/SPP) shall be responsible for all additional first costs and on-going expenses associated with the billing, metering, and connection of the facility to the Company's system.

D. The Company will file each contract for facilities with a design capacity greater than 100 kW with the Public Utilities Commission (Commission) no later than thirty (30) days prior to the proposed effective date thereof. Such contracts may be suspended by the Commission and hearing set thereon.

E. Any operation and/or maintenance expense incurred by the Company on behalf of or as a result of any CG/SPP shall be paid for by the CG/SPP.

F. CG/SPPs operating synchronous generators will be required to meet certain other standards which are contained in the Company's Interconnection Standards For Co-Generation and Small Power Production Facilities.

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SECTION 20 - CO-GENERATION AND SMALL POWER PRODUCTION FACILITIES (CONTINUED)

G. No CG/SPP may commence generation in parallel with the Company's system until it has established to the satisfaction of the Company that it has complied with the applicable Company rules and regulations, the Company's interconnection standards, and the rules and regulations of the Public Utilities Commission.

H. The CG/SPP shall be obliged to pay any and all interconnection costs which are in addition to the costs which would normally be incurred for a customer of similar size and type.

I. The Company reserves the right not to purchase electric capacity and/or energy during any period when, due to operational circumstances, purchases from the CG/SPP would result in costs greater than those which the Company would incur if it did not make such purchases, but instead generated itself or purchased in lieu thereof, at wholesale, under terms of a long-term firm purchase agreement, an equivalent amount of energy or capacity. This provision is only applicable in the case of light-loading periods during which either the Company or a wholesale supplier must shut down base load generation in order for the Company to purchase an equivalent amount of energy or capacity from CG/SPPs. Invocation of the operational circumstance provision is subject to advance notification to the CG/SPP in time for the CG/SPP to cease delivery of capacity and/or energy to the Company. This notification shall be in accordance with PUC Decision C82-1175 implementing section 201 and 210, PURPA, Small Power Production and Co-Generation Facilities, Paragraphs 3.701-3.704, and subject to PUC verification.

Also reserved to the Company is the right not to purchase capacity or energy when such purchase from the CG/SPP would contribute to an unsafe operation or a system emergency.

4. **Categories of Co-Generation and Small Power Production Facilities**

Five (5) categories of CG/SPP facilities have been established as follows:

<u>Category</u>	<u>Design Capacity</u>
Category 1	10 kW and under
Category 2	Over 10 kW through 100 kW, inclusive
Category 3	Over 100 kW through 1.5 MW, inclusive
Category 4	Over 1.5 MW through 5 MW, inclusive
Category 5	Over 5 MW up to and including 10 MW

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SECTION 20 - CO-GENERATION AND SMALL POWER PRODUCTION FACILITIES (CONTINUED)

5. General Basis of Payments

A. Categories 1 and 2: These categories will be serviced under the Company's CG-SPP1 Co-Generation and Small Power Production rate schedule.

For CG/SPPs in these categories, the Company will separately measure the monthly sales to and from the CG/SPP and render a bill according to the provisions of the above-referenced rate schedule.

B. Categories 3 through 5: The Company and the CG/SPP may enter into a contract for the purchase of power. Pre-contractual discussion/negotiation information obtained by the Company will be reported to the Public Utilities Commission in accordance with the provisions of Commission Rule No. 6.000, Reporting Requirements for Jurisdictional Utilities. Capacity and energy payments will be at the rates of the Company's "avoided capacity and energy costs." The company will recalculate its "avoided costs" annually by May 31 taking into account, to the extent possible, the factors listed in section 3.600 of the Colorado Public Utilities Commission Rules Implementing Sections 201 and 210, PURPA, Small Power Production and Co-Generation Facilities. Payment rates to CG/SPP's based upon these "avoided costs" will be filed with the Commission to become effective on July 1 each year. This rate calculation methodology shall apply generally. Nothing in the rules and regulations of this section shall prevent the Company from determining payment rates on a situation-specific basis when warranted. Rates thus derived will be subject to Commission approval.

6. Specific Basis of Payments

Payments or credits will be determined monthly for each listed category at the rates shown in the purchased power amount table at the end of this section.

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SECTION 20 - CO-GENERATION AND SMALL POWER PRODUCTION FACILITIES (CONTINUED)

PURCHASED POWER AMOUNT TABLE

Capacity Payment Rate:

Categories 1 & 2	Capacity Payment per Month per Kilowatt	NONE
Energy Payment Rate ¹ :	Energy Payment per Kilowatt-hour	\$.03801

¹ Additional capacity and energy payment rates will be filed each successive year, applicable to Independent Power Production Facilities (“IPPF”) achieving commercial operational status during the time period in which the rate is effective.

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SECTION 21 – EXTENSION OF ELECTRIC DISTRIBUTION FACILITIES

1. Purpose

The purpose of this policy is to set forth the service connection and distribution system extension requirements when one (1) or more applicants request overhead or underground electric service at premises not connected to Company’s distribution system or request an alteration in service to premises already connected where such change necessitates additional investment.

2. Definition Of Terms

A. Applicant: The developer, builder, or other person, partnership, association, firm, private or public corporation, trust, estate, political subdivision, governmental agency or other legal entity recognized by law applying for the construction of an electric Distribution Extension, Extension Upgrade, or Relocation.

B. Construction Allowance: The cost of that portion of the Distribution Extension, which is made by Company.

C. Methodology For Calculating Construction Allowance: The methodology used to determine the appropriate Construction Allowance will be based on information taken from the most recent Phase I or Phase II rate proceeding and will consist of two parts: a service lateral portion and a distribution system component. Construction Allowances shall be calculated separately for each class of customers. The calculation of the Construction Allowance consists of two (2) steps: (1) the calculation of earnings before interest, taxes, depreciation and amortization (EBITDA) and (2) the determination of Construction Allowance by application of the revenue discounted cash flow analysis. The Construction Allowance methodology is as follows:

1. EBITDA: Consistent with how revenues are recovered, the Company first calculates EBITA per billing unit for the distribution system and EBITDA per month for the service lateral for each class of customers. EBITDA is equal to revenue minus expenditure where expenditure is the sum of operation & maintenance and administrative & general expenses.

For the distribution system portion, EBITDA per month shall be converted into EBITDA per billing unit. For Residential and Small General Service Non-Demand classes, the EBITDA shall be unitized to an EBITDA per kWh of usage. For all other classes, the EBITDA shall be converted to an EBITDA per kW of demand.

The service lateral allowances shall be based on the average EBITDA per customer.

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SECTION 21 - EXTENSION OF ELECTRIC DISTRIBUTION FACILITIES (CONTINUED)

2. Construction Allowance Calculation: These resulting EBITDA's are annualized and then used as an input into the revenue discounted cash flow model. The annualized EBITDA is held constant each year in the calculation of the after tax operating cash flows.

Next, the Company calculates the after tax operating cash flows for each customer class. The after tax operating cash flow for each year is equal to the product of the annualized revenue minus annualized expenditure (or annualized EBITDA) minus tax depreciation multiplied by one (1) minus the effective income tax rate, plus tax depreciation. Tax depreciation is the twenty (20) year MACRS (modified accelerated cost recovery system) on the final Construction Allowance amount for distribution system and service lateral with the half-year ($\frac{1}{2}$) convention for the first year.

Discounted cash flow is the product of the after tax operating cash flow and a discount factor. The discount factor is calculated using the Company's modified, after-tax weighted average cost of capital (WACC) in which the debt component of WACC is reduced because of the effect of the tax deduction associated with debt financing. The first year discount factor is discounted with an exponent of $\frac{1}{2}$. Each subsequent year's discount factor is discounted by an additional year from the first year discount factor. The resulting discounted cash flows are then summed over a period of the first ten (10) years for non-residential extensions and twenty (20) years for residential extensions to determine the net present value of the investment. The construction allowances are then converted to an allowance per customer for the service lateral component and an allowance per billing unit for the distribution system portion using that net present value of the investment. The Construction allowances calculated using this revenue discounted cash flow method are set forth in Section 21.12.

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D. Construction Charges: That portion of the Distribution Extension’s construction costs for which the applicant is responsible. The Electric Extension Standards and the provisions in this extension policy specify which segments of service shall be furnished by applicant and which segments are provided by Company at cost to applicant. These charges may consist of the following components:

1. Nonrefundable charges represent the portion of Construction Charges above the Construction Allowance that will not be reimbursable to applicant. (Exception: Non-standard costs for Excess Facilities may be recovered on a surcharge basis as mutually agreed to by applicant and Company and specified in the Facilities Extension Agreement.)
2. Refundable charges represent the portion of Construction Charges that may be reimbursed to the applicant during the Open Extension Period, dependent upon the applicant’s requisite performance as outlined in the Facilities Extension Agreement.

E. Distribution Extension: Distribution facilities including primary and secondary distribution lines, transformers, service laterals and all appurtenant facilities and meter installation facilities installed by Company.

F. Electric Extension Standards: Company’s Electric Extension Standards handbook, available upon request to any applicant, defines Company’s uniform standards and requirements for installation, wiring and system design.

G. Estimated Construction Costs: The Estimated Construction Costs shall be the necessary cost of the Distribution Extension and shall include the cost of all materials, labor, rights-of-way, trench and backfill, together with all incidental underground and overhead expenses connected therewith. Where special items, not incorporated in the Electric Extension Standards, are required to meet construction conditions, the cost thereof shall also be included as a non-standard cost.

H. Extension Completion Date: The date on which the construction of a Distribution Extension, Extension Upgrade or Relocation is completed as shown by Company records.

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SECTION 21 - EXTENSION OF ELECTRIC DISTRIBUTION FACILITIES (CONTINUED)

- I. Extension Upgrade: The increase in capacity of existing electric distribution facilities necessitated by applicant’s estimated electric requirements and for which Company determines that such facilities can be reasonably installed.

- J. Facilities Extension Agreement: Written agreement between applicant and Company setting out the contractual provisions of Construction Allowance, Construction Charges, payment arrangements, the Open Extension Period, etc. in accordance with this extension policy.

- K. Indeterminate Service: Service that is of an indefinite or indeterminate nature where the amount and permanency of service cannot be reasonably assured in order to predict the revenue stream from applicant. For purposes of uniform application, “Indeterminate Service” may include such service as may be required for the speculative development of property, mobile buildings, mines, quarries, oil or gas wells, sand pits and other ventures that may reasonably be deemed to be speculative in nature.

- L. Open Extension Period: The period of time, five (5) years, during which Company shall calculate and pay refunds of Construction Charges according to the provisions of this extension policy. The five (5) year period begins on the Extension Completion Date.

- M. Permanent Service: Overhead or underground electric line extensions for primary or secondary service where the use of service is to be permanent and where a continuous return to Company of sufficient revenue to support the necessary investment is reasonably assured.

- N. Temporary Service: Any service that is of a known temporary nature, excluding service for construction power, and shall not be continued for a period longer than eighteen (18) months.

3. General Provisions

- A. Company at its sole discretion, after consideration of applicant’s electric requirements, will designate the class of service requested as Permanent, Indeterminate or Temporary in accordance with the definitions set forth herein.

- B. The determination of facility type and routing will be made by Company to be consistent with the characteristics of an applicant’s requirements and for the territory in which service is to be rendered and the nature of Company’s existing facilities in the area.

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C. The facilities provided will be constructed to conform to the Electric Extension Standards. Except as otherwise provided (Excess Facilities), the type of construction required to serve the applicant appropriately will be determined by Company.

D. Facilities Extension Agreements will be based upon Company's Estimated Construction Cost for providing the facilities necessary to supply the service requested by applicant. Company shall exercise due diligence with respect to providing the estimate of total costs to the customer. If it is necessary or desirable to use private, public and/or government rights-of-way to furnish service, applicant may, at Company's discretion, be required to pay the cost of providing such rights-of-way. All Distribution Extensions, with the exception of service conduits, provided wholly, or in part, at the expense of an applicant shall become the property of Company once approved and accepted by Company.

E. Company shall construct, own, operate and maintain new overhead and/or underground feeder lines, service lines and related distribution system facilities only on or along public streets, roads and highways which Company has the legal right to occupy, and on or along private property across which right-of-ways and easements satisfactory to Company have been received.

F. Rights-of-way and easements which are satisfactory to Company including those as may be required for street lighting, must be furnished by the applicant in reasonable time to meet construction and service requirements and before Company shall be required to commence its installation; such rights-of-way and easements must be cleared of trees, tree stumps, and other obstructions, and graded to within six (6) inches of final grade by applicant at no charge to Company. Such clearance and grading must be maintained by the applicant during construction by Company. If the grade is changed subsequent to construction of the distribution system in such a way as to require relocation of any of the electric facilities, the estimated cost of such relocation shall be paid by the applicant or its successors as a non-refundable Construction Charge

G. An additional Construction Charge shall be paid by the applicant to Company for any ditching required to be performed by Company due to soil conditions including, but not limited to, the presence of rock or other environmental issues which prevent the use of normal trenching and backfilling practices used in trenchable soil. The charge under this provision shall be the estimated trenching and backfilling costs to be incurred by Company including conduit or padding for feeder lines, if required, less the estimated cost of normal trenching and backfilling. Applicant may be required to perform said ditching. Where practical, the Applicant will be given the option of paying the increase costs or providing the excavation of rock at no cost to the Company.

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SECTION 21 - EXTENSION OF ELECTRIC DISTRIBUTION FACILITIES (CONTINUED)

H. Meter locations in all instances will be determined by Company and will be located so as to be accessible to Company's meter readers at all times.

4. **Permanent Service**

A. Each application to Company for electric service of a permanent nature to premises requiring extension of Company's existing distribution facilities will be evaluated by Company in order that Company may determine the amount of investment (Construction Allowance) warranted by Company in making such extension. In the absence of special financing arrangements between the applicant and Company, the Construction Charges as specified in the Facilities Extension Agreement shall be paid by the applicant to Company before Company's construction commences.

B. The Construction Charges may be refundable in part, or in their entirety, to the original applicant during the Open Extension Period. The Facilities Extension Agreement, to be executed by applicant and Company, shall outline the applicable refund mechanism as related to the performance required by applicant. In no event shall refunds aggregate an amount greater than the Construction Charges. Refundable Construction Charges shall not accrue interest. No interest in any potential refunds may be assigned. Applicant shall be responsible for notifying Company within six (6) months time of qualifying permanent loads connected to Company's system. On a periodic basis, Company shall make the applicable refund(s) as specified in the Facilities Extension Agreement. No refunds will be made for performance after the Open Extension Period.

5. **Indeterminate Service**

A. For all types of electric service of an indeterminate character, applicant shall be required to pay to Company in advance of Company's construction all of the Estimated Construction Costs as Construction Charges as outlined in the Facilities Extension Agreement.

B. The Construction Charges will be considered non-refundable unless, at the sole discretion of Company and upon written request of the applicant, the applicant is reclassified to Permanent Service during the Open Extension Period. In that event, the refund procedure applicable to Permanent Service applicants will apply.

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SECTION 21 - EXTENSION OF ELECTRIC DISTRIBUTION FACILITIES (CONTINUED)

6. Temporary Service

For electric service of a temporary nature, applicant shall be required to pay to Company a non-refundable Construction Charges as outlined in the Facilities Extension Agreement an amount equal to the estimated net cost of installing, owning and removing the Distribution Extension including non-salvageable materials. Applicant shall pay Company before Company's construction commences. This classification does not include temporary meter sets furnished to service an applicant's construction requirements. Such temporary service is normally a 100 Amp self-contained meter set.

7. Extension Upgrade

Where an electric distribution Extension Upgrade is required to serve a non-residential customer's load requirements, the Facilities Extension Agreement between Company and applicant shall apply the Estimated Construction Costs, Construction Allowance, and Construction Charges provisions contained in this extension policy to the Extension Upgrade.

8. Relocation Or Conversion Request

An applicant desiring to have Company's existing overhead facilities installed underground or to have existing overhead or underground facilities relocated may request Company to make such changes. If Company determines that such conversion or relocation can reasonably be made, Company will make such conversion or relocation on the following basis: The cost of removing and relocating such facilities, the related net cost of non-salvageable materials and the cost of any new facilities to be installed shall be paid by the applicant as non-refundable Construction Charges as outlined in the Facilities Extension Agreement. No construction allowance is applicable.

9. Excess Facilities Request

In those instances where Company chooses to provide facilities at applicant's request in variance with the Electric Extension Standards, applicant shall be required to pay Company for the cost of such facilities, and to pay Company a non-refundable Construction Charge or a surcharge as outlined in the Facilities Extension Agreement. The charge is designed to recover the cost of insurance, replacement (or cost of removal); license and fees, taxes, operation and maintenance and appropriate allocable administrative and general expenses associated with such distribution facilities.

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SECTION 21 - EXTENSION OF ELECTRIC DISTRIBUTION FACILITIES (CONTINUED)

10. Applicability Limitation

The applicability of this extension policy is limited by the following conditions:

A. Facilities Extension Agreement Not Timely Executed: Company's Estimated Construction Costs and Construction Charges requirements as calculated for each extension may become void after 120 days from the time a proposed Facilities Extension Agreement is provided by Company to applicant. If a Facilities Extension Agreement is not fully executed before that time, it may become necessary for new estimates to be made incorporating the then current construction costs and the terms and conditions of Company's extension policy as on file and in effect with the Commission at that time.

11. Calculation and Payment of Refunds

Distribution line extensions requiring customer construction payments are subject to refunds during the five (5) year period commencing with the extension completion date. No refunds will be made after the five (5) year period following the extension completion date and any remaining unrefunded customer construction payment becomes permanent and no longer subject to refund for any reason. In no case shall refunds be made which exceed in total the total amount of construction payment made by any customer. In no event shall any customer who has terminated service be eligible for any refund after such termination.

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SECTION 21 - EXTENSION OF ELECTRIC DISTRIBUTION FACILITIES (CONTINUED)

12. Construction Allowance By Service Class

<u>Service Class and Rate Schedules</u>	<u>Construction Allowances</u>	
	<u>Service Lateral</u>	<u>Distribution</u>
Residential	\$170.67	\$.84635 per kWh
Small General Service – Non Demand	\$187.24	\$.91241 per kWh
Small General Service – Demand	\$640.66	\$175.58 per kW
Large General Service – Secondary	\$1,116.07	\$212.74 per kW
Large General Service –Primary	n/a	\$141.54 per kW
Large Power Service – Secondary	\$2,148.55	\$269.40 per kW
Large Power Service –Primary	n/a	\$138.33 per kW
Irrigation	\$397.76	\$97.08 per kW

Notes:

1. Where the distribution allowance is calculated on a kWh basis the value is determined by multiplying the allowance per kWh by the projected average monthly usage (kWh).
2. Where the distribution allowance is based on kW the credit is determined by multiplying the projected peak load by the allowance per kW.
3. The total construction allowance is the sum of the service lateral amount (if applicable) plus the calculated distribution allowance in notes 1 and 2 above.

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SECTION 21 - EXTENSION OF ELECTRIC DISTRIBUTION FACILITIES (CONTINUED)

For each additional permanent service customer connected directly to an electric distribution extension upon which there is unrefunded construction payment remaining, Company will recalculate the extension considering the costs of any additional transformation and secondary facilities and considering the construction allowance provided by such additional customer or customers, as well as appropriate sharing of construction payment requirements among all customers to be served by the distribution line extension. Construction payments as are required of each additional customer or customers must be made prior to connection of electric service laterals. Refunds of customer construction payments where appropriate will be calculated and paid once each year during the refund period and at a time determined by Company. Each customer having made a construction payment will receive as a refund the amount necessary to adjust his/her construction payment to the proper level considering the additional customers served from the extension and considering the construction allowance effect, if any, from a subsequent extension. Any additional construction involving adding primary voltage lines shall be a subsequent extension.

13. Photovoltaic Cost Comparison

A. Bona Fide applicants, when requesting of the Company a cost estimate of a distribution line extension, shall receive a photovoltaic system cost comparison, upon meeting the following conditions:

1. Providing the Company with load data (estimated monthly kilowatt-hour usage) as requested by the Company to conduct the comparison.
2. The applicant's peak demand is estimated to be less than 25 kilowatts.

B. In performing the comparison analysis, the Company will consider line extension distance, overhead/underground construction, terrain, other variable construction costs, and the probability of additions to the line extension within the life of the open extension period.

C. For applicants whose ratio of estimated monthly kilowatt-hour usage divided by line extension mileage is less than or equal to one thousand (1,000), (i.e., kWh/Mileage is \leq 1,000), the Company will provide the photovoltaic system cost comparison at no cost to the applicant.

D. For applicants whose ratio exceeds one thousand (1,000), the Company will inform the applicant that the applicant may request a photovoltaic cost estimate. If the applicant makes such a request, the applicant will be required to provide the Company with load data (estimated monthly kilowatt-hour usage), as requested by the Company to conduct the comparison, and pay the Company for its cost of performing the analysis, if required by the Company.

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SECTION 22 - ELECTRIC TRANSMISSION LINE EXTENSION POLICY

1. Purpose

The purpose of this policy is to set forth the service connection and transmission system extension requirements when one (1) or more applicants request electric service at premises not connected to Company's transmission system or request an alteration in service to premises already connected where such change necessitates additional investment.

2. General Provisions

A. The provisions of this policy are subject to the applicable rules and regulations of the Public Utilities Commission of the State of Colorado and to the Company's rules and regulations on file with said Public Utilities Commission.

B. The provisions hereinafter set forth apply to those instances in which requested service is to be provided via a transmission level extension of the Company's system requiring a special type of construction, involving unusual conditions or circumstances where the amount and permanency of the service taken by the applicant cannot be reasonably assured. Such additions will require the advance payment of a non-refundable construction payment by the applicant requesting the transmission service. Except as otherwise provided herein, the type of construction required to appropriately serve the customer will be determined by the Company. The applicant will be required to pay the added cost involved when a different type of construction equal to or greater than proposed by the Company is desired. The ownership of any pole line, circuit or other facilities provided wholly or in part at the expense of an applicant under these rules and regulations shall at all times be vested exclusively with the Company. Where applicants are so located that it is necessary or desirable to use public and/or government rights-of-way to furnish service, such applicants may be required to pay the cost of providing such rights-of-way.

C. Depending upon the circumstances, the Company may approve the posting of a surety bond and the payment of the construction payment by the applicant in installments coincident with the Company's actual expenditures during the construction period of the extension.

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SECTION 22 - ELECTRIC TRANSMISSION LINE EXTENSION POLICY (CONTINUED)

3. **Definition Of Terms**

- A. **Construction Cost of Transmission Facilities:** The combined costs of all facilities necessary to the transmission extension or reinforcement, including all costs relating to permitting, rights-of-ways and taxes.
- B. **Construction Payment:** Amount advanced, or otherwise arranged for, in accordance with this rule by applicant to pay all construction costs.
- C. **Established Cost:** All costs necessary for the transmission extension. It shall not include or be determined with reference to provision for additional capacity, size or strength in excess of that actually necessary to conform to industry standards required to serve the load.
- D. **Extension Completion Date:** The date on which the construction of a transmission extension or transmission reinforcement is completed as shown by Company records.
- E. **Open Extension Period:** The period of time, five (5) years, during which the Company shall calculate and pay refunds of customer construction payments according to the provisions of this rule. The open extension period begins on the extension completion date.
- F. **Transmission Extension:** Any construction of transmission facilities provided by the Company, either overhead or underground, and all appurtenant facilities including meter installation facilities (including meters to the extent they are provided by the Company), extending from the Company's transmission system necessary to supply transmission service to an additional customer.
- G. **Transmission Reinforcement:** The increase in capacity of existing facilities necessitated by applicants estimated electric requirements.
- H. **Transmission System:** The Company's lines which transmit energy at 69,000 volts and above from generating plants, purchase points, and other sources of supply to substations for transmission or distribution. The term transmission system shall also be interpreted to include substations and related facilities for transmission or distribution.

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SECTION 22 - ELECTRIC TRANSMISSION LINE EXTENSION POLICY (CONTINUED)

4. Meter Installations

The Company will furnish and set the appropriate meter or meters. The applicant will provide all facilities necessary for proper meter installation in conformance with industry standards for installation. The title to meters shall be at all times vested in the Company.

5. Construction Payments

This policy is applicable to overhead or underground electric transmission line extensions for service.

The Company shall own, build or cause to be built, operate and maintain the necessary facilities to provide transmission service. Extensions to the Company's transmission system shall be built within a reasonable period after a request for such service subject to the following:

A. For electric service supplied at a transmission voltage, applicant shall be required to pay to the Company the entire established cost for necessary overhead or underground electric transmission extension facilities as a construction payment. The construction payment normally will be considered non-refundable, except as provided for below, and shall not draw interest. Further, the applicant shall contract to pay the Company annually, in addition to the charge in the general rate schedule, an amount to cover the cost of insurance, replacement or removal, license and fees, taxes, operation and maintenance and appropriate allocable administrative and general expenses of such facilities. This additional charge, together with the general rate schedule, is then subject to all the provisions and procedures in effect before the Commission.

B. When more than one customer is to be served from a prospective extension, the Company will apportion the extension costs among the customers with consideration given to:

1. The shared portions of the facilities and
2. The highest maximum non-coincident monthly kilowatt demands of the customers. The apportionment of the shared facilities cost shall be accomplished by means of a simple proration using the above-referenced demands as a basis. Any customer may choose to assume more than his/her calculated apportionment.

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SECTION 22 - ELECTRIC TRANSMISSION LINE EXTENSION POLICY (CONTINUED)

6. Calculation And Payments Of Refunds

A. No refund of construction payments for transmission service will be made unless the extension is subdivided by the addition of new customers during the open extension period, as follows:

B. The Company will determine the portions of the open transmission extension costs to be allocated to additional customers. The portions of customer construction payments required from the additional customers resulting from the allocation will be refunded to the existing open extension customer(s) as each additional customer's extension is completed or as soon as the Company has reasonable assurance that it will be completed. There will be no refund due to any customer served from a closed transmission extension, i.e. after the open extension period has expired.

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SECTION 23 - ELECTRIC QUALITY OF SERVICE MONITORING PLAN

APPLICABILITY

The Company’s electric operations are subject to a Quality of Service Monitoring Plan (“QSP”) for five consecutive years beginning July 1, 2005. Under the plan, benchmarks are established for each of the following performance measures:

1. Customer complaints received by the Colorado Public Utilities Commission (“Commission” or “COPUC”);
2. Telephone response by the Company’s customer call center; and
3. Electric service unavailability.

If for any reason the Company’s performance falls below the established benchmarks for a Performance Year, the Company shall be required to remit money to its customers in the form of a bill credit.

DEFINITIONS

- A. Performance Year–Performance year is a twelve-month period beginning July 1 and ending June 30th of the next year. The initial Performance Year shall begin on July 1, 2005.
- B. Customer–A customer is defined as an electric customer that receives a bill from the Company.
- C. Customer Complaints–Customer complaints are customer contacts with the Commission’s External Affairs Section that are determined by the Commission as not in compliance with the Company’s rules and regulations or tariffs or the applicable Commission rules.
- D. Answer Time–Answer time will be measured from the instant the Customer selects the option from the mechanized menu to speak to a Customer Service Representative (“CSR”) to the time the call is responded to by a CSR.
- E. SAIDI–SAIDI is the average interruption duration for customers served during a performance year. It will be determined by dividing the sum of all customer interruption durations during a given performance year by the number of customers served during the performance year. The average interruption time shall exclude “major event days” as defined by IEEE 1366-2003.

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SECTION 23 - ELECTRIC QUALITY OF SERVICE MONITORING PLAN (CONTINUED)

F. CAIDI–CAIDI is the average interruption duration for customers interrupted during a given performance year. It is determined by dividing the sum of all customer sustained (greater than one minute) interruption durations by the number of sustained customer interruptions over a performance year. The CAIDI shall exclude the impact of “major event days” as defined by IEEE 1366-2003.

G. SAIFI–SAIFI is the average number of interruptions per customer served per a given performance year. It is determined by dividing the accumulated number of customer interruptions in a performance year by the number of customers served. Customer interruption is considered one interruption to one Customer.

ANNUAL REVIEW PROCESS AND SCOPE

The QSP will be in effect for five years beginning July 1, 2005. During the five program years, either the Company, the OCC or the COPUC Staff, by means of a written motion served on the Company, may request modifications of the QSP. In recognition of the Company’s need for certain stability in planning to meet these operational goals, but also understanding changes are inevitable, the modifications requested may include but are not limited to acquisitions or sale of Company property, operational and technical changes, or changes in state or federal laws. Any significant changes or modifications need to consider the Company’s ability to respond, perhaps requiring beginning of the year changes versus mid-year changes.

BILL CREDITS

The maximum bill credit for the July 2005 through June 2006 performance year is \$125,000. During the first performance year, the maximum bill credit will be allocated among the various performance measures as follows:

Performance Metric	Min. Bill Credit	Max. Bill Credit Step 1 Ratchet	Max. Bill Credit Step 2 Ratchet
Customer Complaints	\$25,000	\$37,500	\$56,250
Telephone Response	\$25,000	\$37,500	\$56,250
Electric Service Unavailability	\$75,000	\$112,500	\$168,750
Total	\$125,000	\$187,500	\$281,250

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SECTION 23 - ELECTRIC QUALITY OF SERVICE MONITORING PLAN (CONTINUED)

BILL CREDIT ADJUSTMENT

A ratchet mechanism will be used to increase (and to decrease) each bill credit associated with individual metrics by increments calculated from 50% increases (and 33% decreases) per year. The ratchet mechanism is intended to increase the customer bill credits (ratchet up) if Company fails to meet the benchmark on a performance metric, or to decrease the customer bill credits (ratchet down) if Black Hills Energy meets or exceeds the benchmark on a performance metric. In no event will the maximum bill credit amount exceed \$281,250 during the initial five-year term of the QSP. In no event will the minimum bill credit amount be less than \$125,000 during the initial five-year term of the QSP.

BILL CREDIT PAYMENT

All bill credit payments will be made to the customers between January 1 and December 31 of the year following a Performance Year.

EXCLUSION PROCESS

The Company may request exclusion of certain events from the calculation of its performance on the three measures. In its request, the Company must separately document and report the period and impact of each event for which it requests exclusion and the rationale for excluding it. Requests for exclusion should be made throughout the performance year and as soon after the event occurs as practicable. The COPUC staff shall determine whether it can support such requested exclusions, fully or partially within 30 calendar days of the request being submitted, and advise the Company in a written response. If the Company wishes to object to the staff's determination, it may request mediation through the Commission's alternative dispute resolution process or request that an administrative law judge resolve the dispute and issue a final ruling.

REPORTING REQUIREMENTS

By September 30 of each year, the Company will file a report with the Commission detailing the Company's actual performance as compared with the benchmarks established for each measure. This report will be accompanied by supporting documentation related to the results achieved by the Company along with any bill credit payment calculations. COPUC staff will review and verify the findings in the Company's report and submit a written report to the Commission by October 31 of each year.

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SECTION 23 - ELECTRIC QUALITY OF SERVICE MONITORING PLAN (CONTINUED)

PERFORMANCE MEASURES

1. Customer Complaints

This measure will assess the rate of Customer Complaints per 1,000 Customers on a Performance Year basis. The number of Customers will be the number of June bills sent out by the Company. The number of Customer Complaints is the number of customer complaints obtained from the COPUC External Affairs Section's Consumer Complaint System, less the exclusions determined through the Exclusion Process as described herein. The benchmark is 0.8 complaints per 1,000 customers.

Performance Targets-Customer Complaints Bill Credit

Customer Complaints Per 1000 Customers	Credit Level	Minimum Bill Credit
≤ 0.8	None	\$ 0
>0.8 but ≤ 0.9	25%	\$ 8,000
>0.9 but ≤ 1.0	50%	\$16,000
>1.0	100%	\$25,000

Calculation

Rate of Customer Complaints per 1,000 Customers = total Customer Complaints for the performance year divided by the number of June bills multiplied by 1,000.

Exclusions

The total number of Customer Complaints will be recorded with no exclusions, less the exclusions determined through the Exclusion Process as described herein.

2. Telephone Response

This performance measure will assess the response time to customer calls answered by the Company Customer Call Center (**calls to 1-888-890-5554**) and is measured on a Performance Year basis. The percent of calls answered within 20 seconds will be provided by the Company using the Automatic Call Distributor ("ACD"), less the exclusions determined through the Exclusion Process as described herein. The benchmark is 65 percent of phone calls answered within 20 seconds.

Performance Targets-Call Center Bill Credit

Response % ≤ 20 seconds	Bill Credit Level	Minimum Potential Bill Credit
≥ 65%	None	\$ 0
≥ 55% but < 65%	25%	\$ 8,000
≥ 45% but < 55%	50%	\$16,000
< 45%	100%	\$25,000

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SECTION 23 - ELECTRIC QUALITY OF SERVICE MONITORING PLAN (CONTINUED)

Calculation

At the end of the Performance Year, the monthly Answer Time as measured by the Company's ACD will be averaged over the 12-month period to produce an annual average telephone response percent less than or equal to 20 seconds.

Additional Exclusions

Telephone response time will be recorded with no exclusions, but the Company may request exclusion of certain circumstances or events. Such events include but are not limited to periods of emergency, catastrophe, natural disaster, catastrophic storm, civil unrest or other events affecting large number of Customers. Such events should include only those extraordinary events that result in an unusually heavy influx of telephone calls to the Customer Inquiry Center. For example, nuisance calls (i.e., those generated by disgruntled employees or others, aimed at increasing the call volume to the Customer Inquiry Center) should be excluded.

3. Electric Service Unavailability

This service quality measure will assess the duration and frequency of electric system service interruption that the Company's Colorado electric customers experience on a Performance Year basis. For all years of the Plan, the Company's combined transmission and distribution SAIDI will be utilized for this measure. The service interruption statistics will exclude "major event days" as defined in IEEE 1366-2003.

The Company will provide to the Staff and the OCC quarterly reports that show the SAIDI, CAIDI and SAIFI results for the distribution and transmission system. If these reports establish a pattern of substantial changes in service quality over more than one year or the reporting system used to compile the statistics undergoes a major change, either the Company, the OCC or the COPUC Staff may request that the Commission modify the QSP.

Benchmarks

System SAIDI

The System SAIDI benchmark is 101 minutes for the total Colorado electric transmission/distribution system.

Performance Targets- Electric Service Unavailability Bill Credit

Total System SAIDI (minutes)	Bill Credit Level	Minimum Potential Bill Credit Per Performance Year
> 121	100%	\$ 75,000
>111 but ≤ 121	75%	\$ 50,000
>101 but ≤ 111	50%	\$ 25,000
≤ 101	None	\$ 0

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SECTION 23 - ELECTRIC QUALITY OF SERVICE MONITORING PLAN (CONTINUED)

Calculation

The amount of Bill Credit will be determined by the actual result for a Performance Year as described herein.

Certain Customer interruptions will not be included in the data used to calculate these measures.

- These are:
- (1) planned outages;
 - (2) momentary outages of less than one minute in duration; and
 - (3) outdoor lighting and street lighting.

Exclusions

The SAIDI, CAIDI and SAIFI data will be calculated excluding “major event days” as defined by IEEE 1366-2003.

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