

**POLICY FOR EXTENSION OF OVERHEAD ELECTRIC DISTRIBUTION FACILITIES**

It is the purpose of this Policy Statement to outline the basis on which the Company will extend overhead distribution facilities to supply electric service to be made available for prospective loads.

Revenue that may reasonably be expected from a prospective customer must, on balance, be sufficient to cover a pro rata part of the operating and maintenance expense incurred in serving the load and provide for the ownership costs including a reasonable rate of return on the facilities to be used in serving him and other customers. The revenue must also be sufficient to cover all operating, maintenance and ownership costs on the extension or facilities added specifically to serve the prospective customer. Thus requests for electric service that require extensions or the addition of facilities must be considered on the basis of prospective revenues, operating costs and capital costs.

**GENERAL**

It is the policy of Mississippi Power & Light Company normally to supply electric service to its customers at one point of delivery, measured through one kilowatt hour meter, and served from one power source. When a customer's requirements for character or continuity of service cause Company to incur investment or expense in excess of the investment or expense Company would normally experience or if there appears to be a reasonable possibility that the service location may be abandoned prior to the normal service life of the facilities necessary to be added to serve the prospective customer, Company may require an additional payment by Customer over and above the amount otherwise due under the applicable rate schedule(s), rider schedule(s), or contracts. Such additional payment, at the sole discretion of Company, may be in the form of (1) a contribution-in-aid of construction representing such excess costs incurred by Company; (2) a monthly facilities charge equal to 2% per month of the contribution-in-aid otherwise required before adjustments; or (3) a payment representing the costs of installing and removing the facilities less net salvage (up and down costs).

**EXTENSION OF OVERHEAD ELECTRIC DISTRIBUTION FACILITIES**

Extension of primary overhead distribution lines in excess of six hundred feet (600 feet) and/or other facilities installed to serve new locations, or increased loads at existing locations, will be made on the basis of estimated annual revenue, excluding fuel adjustment and base rate fuel costs (EAR), to be received for electric service under the applicable rate schedule(s), rider schedule(s), or contracts. Rider schedules associated with the Company's deferral or phase-in plan and any temporary rate reduction rider schedules should also be excluded. In addition to such amount otherwise due for service rendered, Company may require a payment by customer which, at the sole discretion of Company, may be in the form of (1) a contribution-in-aid of construction representing such excess costs incurred by Company; (2) a monthly facilities charge equal to 2% per month of the contribution-in-aid otherwise required before adjustments; or (3) a payment representing the costs of installing and removing the facilities less net salvage (up and down costs). Contributions-in-aid of construction and facilities charges will be determined as follows:

| <b>Permanent Service Locations</b>         | <b>Contribution in Aid to be Made by Customer*</b>   |
|--|--|
| Single-phase; Three-phase, non-residential | Estimated extension cost of primary overhead lines in excess of 600 feet less 4 times EAR.   |
| Three-phase, residential                   | The estimated cost of the facilities required to supply three-phase service in excess of the estimated cost of facilities required for single-phase service plus such amount as would otherwise be payable for single-phase service under this policy. In the event three-phase service is available at the service location and Company determines that single-phase facilities will not adequately meet Customer's needs, no contribution-in-aid will be required. |

\*When, in Company's judgment, Customer's installation is of a permanent nature with reasonable term expectancy, a monthly facilities charge may be substituted in lieu of the required contribution-in-aid. Such facilities charge shall be at the rate of 2% per month of the contribution-in-aid otherwise required before adjustments. Where the service rendered will be seasonal, such facilities charge will be billed during the months customer takes service at an annual rate of 24%. Where prospective development of other loads and customers in the same area or along the route of the extensions under consideration in Company's judgment warrants, no contribution-in-aid will be required. In event two or more customers are involved, any contribution required will be divided equitably between or among them.

## **ADJUSTMENTS**

First. When requirements of law or rules of governmental agencies require that contributions-in-aid, refundable advances and/or payment of the costs of installing and removing the facilities less net salvage (up and down costs) be considered as revenue to the Company and therefore the basis of additional income taxes due, such contributions-in-aid, refundable advances and/or up and down costs will be adjusted so as to provide to the Company the required funds after such income taxes have been deducted.

Second. Plus the applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by any governmental authority, which is assessed or levied against the Company or directly affects the Company's cost of operation and which the Company is legally obligated to pay on the basis of meters, customer, or rates of, or revenue from electric power and energy or service sold, or on the volume of the energy generated, transported, purchased for sale, or sold, or on any other basis where direct allocation is possible.

## **MOBILE HOME SERVICE**

While mobile homes are commonly used as residences and permanently located, they are subject to being moved to new locations. If electric facilities are extended to serve a location which is thus subsequently abandoned, the Company's investment in the extension is in most instances lost. For this reason, extensions to serve mobile homes outside of established mobile home parks may be treated differently from permanent service locations.

Where in Company's judgment other factors indicate that electric service will be taken at that location on a permanent basis and the mobile home meets the following criteria, the extension will be considered service to a permanent location.

- (a) located on a permanent foundation with appropriate tie-downs
- (b) connected to a sewer line or has a septic tank approved by the Health Department
- (c) connected to a water supply system or has an approved water source
- (d) all wheels, axles and/or other transporting facilities must have been removed from the mobile home

However, if there appears in Company's judgment a reasonable chance that the mobile home location is not permanent and the service facilities required to be installed exceed (a) four secondary conductor spans and a service drop, or (b) a transformer installation on an existing pole and a service drop, the Customer shall pay in advance the up and down cost of the installation.

## **NON-PERMANENT, TEMPORARY, OR SHORT TERM SERVICE**

Except as provided above (Mobile Home Service), customers requiring service at a location for non-permanent, temporary, or short term service shall pay in advance the up and down cost of such facilities.

## **RELOCATION OR REMOVAL OF EXISTING FACILITIES**

If Company is required to relocate or remove existing overhead distribution facilities in the implementation of this policy, all costs thereof, including the costs (less salvage) of relocation or removal and the in place value of the facilities so removed, shall be borne exclusively by the Customer.