
**GENERAL RULES AND REGULATIONS
FOR ELECTRIC SERVICE
EXTENSION POLICY**

SECTION 11

11.01 GENERAL: The Company will, at Company's own expense, extend electric facilities to premises that are not adjacent to the Company's existing distribution facilities. In accordance with IPL standards, such facilities shall be adequate and suitable to the capacity, voltage, phase and other characteristics required by the Customer, when the anticipated revenue, excluding fuel expense and energy efficiency charges, from the sale of additional service resulting therefrom is sufficient to justify the expenditure. In determining whether the expenditure is so justified, the Company shall take into consideration the total cost of serving the applicant and will apply the general principle that the rendering of service to the applicant shall not cast a burden on other Customers. It is anticipated that the use of service from such extension is to be a permanent-type service and will provide an adequate return to the Company. Inter-connection costs for qualifying facilities (small power producers and cogenerators up to 100 kW) will be determined in accordance with the terms and conditions of Sections 2 and 16 hereof. The extension policy stated herein is subject to the rules and regulations of regulatory agencies having jurisdiction over such matters. [199--20.3(13)]

11.02 ADVANCE FOR CONSTRUCTION: The Company will provide all electric plant additions and line extensions at its cost and expense without requiring an advance for construction from Customers or Developers except in those unusual circumstances where extensive plant additions or overhead electric line extensions are required before the Customer can be served, or where the Customer will not attach within the agreed-upon attachment period after completion of construction. In such instances, the Company shall require, no more than 30 days prior to commencement of construction, an advance of funds from the Customer or Developer. Such funds may be subject to refund as additional customers are attached. A written contract between the Company and the Customer which requires an advance for construction costs by the customer shall be available for Board inspection. Advances for construction may be paid by cash or equivalent surety and shall be refundable for ten years. The Customer has the option of providing an advance for construction by cash or equivalent surety unless the Company determines that the Customer has failed to comply with the conditions of a surety in the past. Cash payments, or equivalent surety shall include a grossed-up amount for the income tax effect of such revenue. The amount of tax shall be reduced by the present value of the tax benefits to be obtained by depreciating the property in determining the tax liability. D

If a surety instrument is used as an advance payment, the amount shall have added to it a surcharge equal to the annual interest rate paid by the Company on Customer bill deposits multiplied by the amount of the refundable advance. The surety instrument shall be called by the Company at the end of one year or when the earned refund credits are equal to the refundable advance amount, less the surcharge, whichever occurs first. If, upon termination of the surety instrument, there are not sufficient earned refund credits to offset the amount of the refundable advance, less the surcharge, the depositors shall provide the Company a cash deposit equal to the amount of the refundable advance, less refund credits accumulated during the surety period, plus the surcharge, or the depositor may pay the interest surcharge on the previous year's surety and rebond the balance due plus surcharge to the Company for a second or third one-year period. Upon receipt of such cash deposit, the Company shall release the surety instrument. The cash deposit, less the surcharge, shall be subject to refund by the Company for the remainder of the ten-year period. [199--20.3(13)] D

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11.02A DETERMINATION OF ADVANCE FOR CONSTRUCTION: Where within 30 days prior to commencement of construction, the Customer will attach within the agreed-upon attachment period, the applicant for the electric line extension shall contract with the Company and make an advance for construction equal to the estimated construction cost less three times the estimated base revenue calculated on the basis of similarly situated customers. If three times estimated base revenue is greater than the estimated construction cost, no advance or contribution will be required. The Company may use a feasibility model, rather than three times estimated base revenues, to determine what, if any, advance for construction or nonrefundable contribution in aid of construction is required by the Customer. The Company shall file a summary explaining the inputs into the feasibility model and a description of the model as part of the Company's tariff. Whether or not the construction of the electrical line extension would otherwise require a payment from the Customer, the Company shall charge the Customer for actual permit fees and the permit fees are not refundable. D

Where, after completion of the electric line extension, the Customer will not attach within the agreed-upon attachment period, the applicant for the electrical line extension shall contract with the Company and make no more than 30 days prior to the commencement of construction an advance for construction or a nonrefundable contribution in aid of construction equal to the estimated construction cost.

11.03 OVERHEAD SERVICE LINE EXTENSIONS: The Company shall finance and construct an overhead service line without requiring a nonrefundable contribution in aid of construction or a payment by the applicant where the length of the overhead service line to the first point of attachment is up to 50 feet on private property. [199--20.3(13)d]

11.03A Where the length of overhead service line exceeds 50 feet on private property, the applicant shall be required to provide a nonrefundable contribution in aid of construction for that portion of the service line extension on the private property, exclusive of the point of attachment, within 30 days after completion. The nonrefundable contribution in aid of construction for that portion of the service line shall be computed on the ratio of excess service line (over 50 feet) to the total service times the total estimated service line cost.

11.04 UNDERGROUND PRIMARY AND SECONDARY DISTRIBUTION EXTENSION: Upon application by the Customer, owner, builder, or developer, the Company will install underground primary and secondary distribution facilities on public ways or Company easements in such area, provided that the applicant pays to the Company or makes arrangements to pay to the Company an amount not to exceed that portion of the Company's estimated cost of such underground construction which is in excess of the Company's three times estimated base revenue as prescribed in Paragraph 11.02. Such payment shall be treated by the Company as a Customer advance, as defined in Paragraph 11.02, hereof. [199--20.3(13)]

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11.05 UNDERGROUND SERVICE LINE EXTENSION: In any area where the Company's existing primary and secondary distribution facilities are of underground construction, only underground service lines to the Customer's point of delivery will be permitted. The Customer shall be required to pay or make arrangements to pay, or cause to be paid to Company an amount which is equal to the difference between the estimated cost to construct the underground service line and the estimated cost of a 50 foot overhead service line. Within 30 days of completion of construction, such amount shall be paid by the Customer as a contribution in aid of construction.

11.05A In an area where the Company's existing primary and secondary distribution facilities are of overhead construction, the Company will install underground service lines upon request of the Customer. Within 30 days of completion of such construction, the Customer shall pay the Company a contribution in aid of construction equal to the difference between the estimated cost of constructing the underground service line and the estimated cost of an overhead service line of 50 feet. [199--20.3(13)]

11.05B In the case where the Company has adequate existing overhead service lines to the Customer's point of delivery, the cost of removal of existing overhead service lines shall be included in the estimated cost of such underground service line installation. [199--20.3(13)]

11.06 BASIS OF EXTENSION COST ESTIMATE: The investment chargeable to an extension under the Company's extension policy shall include the cost of all material, labor, engineering and surveying, hauling, right-of-way permits, tree-trimming, incidental and overhead expenses necessary to extend the Company's existing distribution system to an electric connection at the applicant's point of delivery, excluding therefrom the equivalent cost of overhead distribution/transformer and meters. When applicable, additional construction costs associated with frozen ground or whether other adverse conditions exist will be included. Examples of when adverse conditions would be applied are when the Company encounters: rock, sand, tree roots, extremely muddy conditions, frost (depth typically greater than six inches), significant snow accumulation, and/or the area is obstructed in a manner that impedes or does not allow normal installation methods. Additional charges for adverse conditions shall be applied to entire length of extension, including the service footage allowance.

11.06A The type and character of construction, spacing of poles, and the capacity required, etc., for an extension shall be determined by the Company representatives. Location of the extension origin and the route to be followed in the construction of an extension shall be determined by the Company in accordance with accepted engineering standards and with the objective of providing the best service possible. The origin need not necessarily be at the point on the existing distribution system nearest the applicant's premises, nor will the routes selected be the shortest distance between origin and delivery point.

11.06B In all cases where it is deemed desirable or necessary by the Company to construct an extension of greater capacity than that required for the applicant in order to conform with future plans of the Company, the excess of the construction costs shall be borne by the Company.

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ELECTRIC TARIFF

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11.06 BASIS OF EXTENSION COST ESTIMATE: (continued)

11.06C In all cases where extensions are constructed on poles used jointly with another utility, investment chargeable to the extension shall be based on the entire cost of the Company's construction, exclusive of jointly used poles, plus one-half the estimated, installed cost of the jointly used poles, regardless of which utility furnishes or owns the poles.

11.06D All secondary line extensions shall be based on 3-wire construction.

11.06E The cost associated with underground service wires in an overhead district shall include the cost of removing the overhead facilities.

11.07 ELECTRIC ENERGY SALES ESTIMATE: The Company's representative shall be responsible for estimating the anticipated electric energy sales from service supplied from the extension. Such estimate shall be based upon the Company's experience in serving similar loads, the connected load of the prospective Customer, and estimates of consumption supplied by the Customer. Such estimates shall be made to the nearest 500 kilowatt-hours annually.

11.08 TEMPORARY SERVICE LINE EXTENSION: A temporary service extension to provide service of a temporary nature not to exceed 18 months, such as that required by transient shows, bazaars, fairs, concessions or other similar enterprises, construction jobs, or ventures of such uncertain specific characteristics where the permanency is questionable, or during development period of other ventures of similar characteristics, the extension shall be made on a construction and removal cost less salvage basis with payment by the Customer prior to beginning of construction. Temporary service extensions will be analyzed by the Company for justification of possible reclassification to permanent service not less than 12 months and no more than 18 months after being constructed. If the temporary service extension is reclassified to permanent service under Section 11 of these General Rules and Regulations, a refund of construction costs paid by the Customer may be appropriate and shall be promptly made to the Customer. [199--20.2(4) and 20.4(21)]

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11.09 REFUNDS: The Company shall refund to the customer for a period of ten years, from the date of the original advance, a pro rata share for each service line attached to the extension. The pro rata refund shall be computed in the following manner:

11.09A If the total estimated construction cost to provide the distribution main extension is less than the combined total of three times estimated base revenue, or the amount allowed by the feasibility model, for the distribution main extension and each service line attached to the extension, the entire amount of the advance for construction shall be refunded. [199--20.3(13)c(5)1]

11.09B If the total estimated construction cost to provide the distribution main extension is more than the combined total of three times estimated base revenue, or the amount allowed by the feasibility model, for the distribution main extension and each service line attached to the extension, the amount to be refunded shall equal three times estimated base revenue, or the amount allowed by the feasibility model, for each service line attached to the distribution main extension. [199--20.3(13)c(5)2]

11.09C In no event shall the total amount to be refunded exceed the amount of the advance for construction. Any amount subject to refund shall be paid by the Company without interest. The Company shall not be obliged to refund any portion after ten years have elapsed from the date of deposit. [199--20.3(13)c(5)3]