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PREFACE

It is the intent of the District to provide through these Utility Service Policies written information for the Customer, electrical and building trades, and employees and representatives of the District to achieve efficient and safe Electrical, Telecommunication, Water and Wastewater Service and to ensure that all Customers of the District receive uniform and equitable consideration.

The District operates as an integrated electric, telecommunication, water and wastewater utility. Where policies are applicable in common to each utility they will be referenced as Utility Service Policies. Where specific to a utility they will be identified as such.

The District operates certain Water and Wastewater Systems in accordance with U.S. Department of Agriculture policy, which prohibits discrimination on the basis of race, color, sex, age, handicap, religion, or national origin. Any person who believes they have been discriminated against in any USDA-related activity should write to: Under Secretary, Rural Development, Washington, D.C. 20250.

The District has lawfully adopted these Utility Service Policies through action by its Board of Commissioners.

RESOLUTION HISTORY

UTILITY SERVICES POLICIES

Resolution No. 08-13307	April 21, 2008
Resolution No. 09-13498	October 5, 2009
Resolution No. 09-13499	October 5, 2009

ELECTRIC SERVICE REGULATIONS

Resolution No. 75-5056	April 1, 1975
Resolution No. 83-6865	March 15, 1983
Resolution No. 87-7738	February 17, 1987
Resolution No. 89-8274	April 15, 1989
Resolution No. 98-11014	June 8, 1998
Resolution No. 99-11248	June 14, 1999
Resolution No. 99-11336	December 13, 1999
Resolution No. 01-11728	March 26, 2001
Resolution No. 01-11875	August 13, 2001
Resolution No. 02-11999	February 4, 2002
Resolution No. 04-12541	April 26, 2004
Resolution No. 04-12555	May 24, 2004

WATER RATE SCHEDULES

Resolution No. 91-9122	December 1, 1991	All Systems
Resolution No. 93-9579	May 1, 1993	All Systems
Resolution No. 97-10658	February 3, 1997	Chelan Ridge
Resolution No. 98-10970	March 30, 1998	Olalla Canyon, Dryden, Wenatchee
Commission Motion	October 1, 1998	Squilchuck, Debt Service Adjustment
Resolution No. 99-11350	December 20, 1999	All Systems
Resolution No. 00-11626	December 4, 2000	All Systems
Resolution No. 01-11764	April 23, 2001	All Systems
Resolution No. 02-12057	April 1, 2002	All Systems, Except Chelan Falls
Resolution No. 03-12467	December 8, 2003	All Systems, Except Chelan Falls
Resolution No. 07-03	April 1, 2007	Chelan Falls Water System

SYSTEM DEVELOPMENT CHARGES (WATER AND WASTEWATER)

Resolution No. 93-9712	October 4, 1993	All Systems
Resolution No. 97-10628	January 6, 1997	All Systems
Manager Adjustment	January 6, 1998	All Systems
Resolution No. 99-11351	December 20, 1999	All Systems
Resolution No. 00-11626	December 4, 2000	All Systems
Resolution No. 01-11801	May 21, 2001	All Systems
Resolution No. 07-13068	May 1, 2007	All Systems

WATER CONNECTION CHARGE (INLIEU OF ASSESSMENT)

Resolution No. 97-10800	August 18, 1997	Sleepy Hollow Heights LUD #5
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FACILITY MODIFICATION

Resolution No. 06-12910	June 5, 2006	All Systems
Resolution No. 08-13360	September 1, 2008	All Systems

Utility Services Policies

ELECTRICAL LINE EXTENSION

Resolution No. 90-8651	May 7, 1990	All Systems
Resolution No. 95-10315	November 20, 1995	All Systems
Resolution No. 98-10969	March 30, 1998	All Systems
Resolution No. 08-13360	September 1, 2008	All Systems

WATER LINE EXTENSTION

Resolution No. 09-13498	October 5 2009	All Systems
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WATER RIGHTS ACQUISITION POLICY

Resolution No. 09-13499	October 5, 2009	All Systems
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NETWORKS LINE EXTENSION

Resolution No. 03-12381	June 9, 2003	
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ELECTRIC LINE EXTENSION POLICY

1. LINE EXTENSION POLICY AND GENERAL PROVISIONS

A Line Extension is defined as an increase in the size and/or length of the District's existing electric transmission, distribution, and substation facilities required to serve a customer's new load within the District's service area. Line Extensions are necessary to provide electric service to new or existing homes, farms, businesses and industries within the District's established service area.

All Line Extensions are subject to engineering and financial feasibility analysis by the District. The District will evaluate requests for Line Extensions consistent with business-like practices to provide efficient service to the customer. The amount to be paid by a customer is subject to change as determined by the District's financial requirements and approved revisions to this Line Extension Policy and the District's Fees and Charges schedule. Upon completion of construction, the District will be sole owner of all Line Extension facilities. A new Line Extension may require payment of a portion of the costs associated with a previous Line Extension Latecomer Fees, as outlined in Section 12 of this Schedule. A new Line Extension may also require participation in annual permit fees as outlined in Section 10.

A Line Extension shall generally commence at the terminating point or a tap point on the District's present Electric Service Facilities. Extensions may also include improvements or relocation of existing transmission, distribution and substation facilities to meet a customer's new load requirement or request. The District will perform a study to determine the required improvements necessary to meet the needs of new line extension. The customer shall pay all estimated costs associated with the construction of any new Electric Service Facilities or existing modifications to Electric Service Facilities.

Where the city, county or state requires improvements within the right-of-way as a result of a proposed development and said right-of-way improvements require relocation of the District's Electric Service Facilities, the Applicant shall pay the estimated cost of relocating or converting these facilities. The District shall estimate the costs of the modifications as part of the estimated costs for the Line Extension.

All provisions of this Line Extension policy apply to all requests of Line Extensions.

2. DEFINITIONS

The following terms wherever used in this Line Extension Policy and in any Application for Electric Service Facilities shall have the following meanings and will be supplemented by the definitions in the District's Utility Service Regulations and the District's Design and Construction Standards:

Applicant

The person, partnership, firm, or corporation having filed an Application with the District for a Line Extension to cause the installation of Electric Service Facilities to become part of the District's electric system. The term shall also include the Applicant's agents, employees, contractors, and subcontractors. Applicant may also be referenced as "customer" in this policy. For purposes of notice, the Applicant's address shall be the one shown in the Application.

Application

The Application for permission to construct a Line Extension executed by the Applicant to this Line Extension Policy and the District's Utility Service Regulations. The Application must be completed to the District's satisfaction prior to review or other action by the District.

Contract Plans or Plans

All drawings or Plans and reproductions of drawings prepared by a Washington State Registered Professional Engineer made pertaining to the Work provided for in the Application for a Line Extension.

Construction Standards

District construction requirements which shall be followed during construction of the Line Extension. Construction Standards are available at the offices of the District

Customer Service Staff

The District staff acting as the District's authorized contact for the Applicant in the Line Extension process.

Design Standards

District design requirements which shall be followed during the preparation of the Plans and Specifications for the Line Extension. Design Standards are available at the offices of the District.

District

Public Utility District No. 1 of Chelan County, Washington.

District Contractor

Any person, firm, or corporation hired by the District to perform Work on behalf of the District such as, excavation, asphalt and concrete repair, electrical installations, landscaping, or other related Work.

Electric Service

The availability of electric Energy at a point of delivery for use by the Customer, irrespective of whether electric Energy is actually used as defined in the District's Utility Service Regulations.

Electric Service Facilities

The lines, conduits, ducts, poles, wires, cables, fiber optic cable, premises gateway devices, crossarms, receivers, transmitters, instruments, machines, appliances, instrumentalities and all devices, real estate, easements, apparatus, property, and routes used, operated, owned, or controlled by the District to facilitate the provision of electric services.

Equipment

The machinery, accessories, appurtenances, and manufactured articles to be furnished and/or installed for the Line Extension.

Estimate

The statement, performed by the District, of the approximate costs of a Line Extension, including labor, Materials, tools, transportation, services, administration, engineering, inspections, permitting, easements and other related costs.

Fees and Charges

Fees and Charges based on recovering costs by the District as set forth in the [District's Fees and Charges](#) schedule and revised as needed.

Final Acceptance

District's acceptance of the ownership of the Electric Service Facilities installed pursuant to this Line Extension Policy following the Applicant's completion of all requirements of this Electric Line Extension Policy to the District's satisfaction as determined by the District in its sole discretion.

Latecomer Fees

Fees paid by the current Applicant to reimburse the original Applicant for a portion of the costs associated with the original Line Extension construction.

Line Extension

An extension of the District's Electric Service Facilities required to serve an Applicant's property. A Line Extension may include new facilities or improvements to existing facilities including, but not limited to: substations, transmission lines, feeder lines, switches, vaults, cabinets, conduits, poles, and other Electric Service Facilities.

Line Extension Checklist

A document listing all obligations that must be fulfilled by the Applicant or Contractor prior to Final Acceptance of the Line Extension by the District.

Materials

The machinery, manufactured articles, materials of construction (fabricated or otherwise), and any other classes of material to be furnished and permanently incorporated into the Work.

Or Equal

Any manufactured article, method, or Work which, in the sole discretion of the District, is equally desirable or suitable for the purposes intended in these specifications and the Contract Plans as compared with similar articles specifically mentioned herein.

Professional Engineer

The consulting Washington State Registered Professional Engineer acting as agent for the Applicant in the design of the Contract Plans.

Service Area

The land area which the District is authorized to provide Electric Service.

Specifications

The prescribed directions, requirements, explanations, terms, and provisions pertaining to the various features of Work to be done or manner or method of performance for execution and completion of the Line Extension.

Warranty Period

One year following date of Final Acceptance.

Work

The Work necessary to complete the Line Extension including all Materials, labor, tools, equipment, construction equipment, where required and other necessities for the construction shown and called for in the Contract Plans, Design Standards and Construction Standards.

3. APPLICATION

A. Application Form

Application for a Line Extension shall be made by the Applicant or their authorized agent on the District's Line Extension or Service Application form as deemed appropriate by the District. Each Application shall be submitted to the District for approval with the payment for the Engineering Fee. The Application must be completed to the District's satisfaction prior to review or other action by the District. Upon approval, the Applicant may proceed with the Line Extension construction in accordance with the District's requirements.

B. Site Plan for Application

Each Application shall be accompanied by a site plan, drawn to scale, illustrating the properties to be served and the approximate location of the proposed Work. The District will review the proposal and the layout of the location of all electrical infrastructures needed to serve the area. The District will provide guidance which shall be used during preparation of Contract Plans and Specifications for the Line Extension. A site plan deemed incomplete by the District will not be accepted.

C. Ownership of Land

Applicant must also provide satisfactory proof of ownership or right to use land impacted by any Electric Service Facilities required for the requested Line Extension.

4. ENGINEERING FEES

- A. Applicants requesting a Line Extension will be required to pay in advance a non-refundable Engineering Fee upon submittal of the Application. This Engineering Fee is specified in the [District's Fees and Charges](#) schedule.
- B. The Applicant's Engineering Fee will be applied to the overall cost of the job.
- C. Applicants who seek a material change in the design after the initial engineering Estimate and design is complete will be required to pay an additional Engineering Fee.
- D. The Customer will be required to retain and pay for professional services where the project design requires additional or specialized services including, but not limited to, advanced civil engineering, surveying, geotechnical, environmental or other professional services.

5. LINE EXTENSION CONSTRUCTION OPTIONS

The following options and conditions apply to the construction of the following types of Line Extensions:

A. Single lot Line Extension and Short plats (4 lots or less)

For a single lot Residential Service, General Service, Frost Protection, Irrigation, Temporary Service, Miscellaneous Service, Primary Industrial ([as defined in the District's Electric Rate Schedules](#)) Line Extension or a Line Extension for plat/subdivision of four (4) lots or less, the following requirements apply:

1. Except as provided herein, the customer has the option to provide the:
 - trench only
 - trench, install warning tape, conduit (electrical and fiber), vaults, bases, handholes, grounding and backfilling of trench on their own property.

All Work must comply with District Construction and Design Standards. A licensed electrical contractor must install the grounding for the vaults. If a

customer chooses to perform the above Work, they must do all the Work as outlined above. All Work must be inspected by a District inspector prior to backfilling the trench.

2. The customer may request the District do all the Work outlined in (A.1) above. After receipt of the full payment of the Estimate, the District will schedule the Work to be performed by the District based on availability of construction resources and the priorities of the District.
3. All Work on public right-of-way or Work to be completed which is not on the customer's property must be completed by the District. All costs of such Work must be paid for by the customer as part of the Line Extension. All permitting and easements must be secured prior to the start of construction.
4. Vaults, bases and handholes shall be purchased from the District and paid for prior to receipt and shall be installed per District Design Standards to ensure compatibility and uniformity with the District's electric system.
5. The District will provide and install all transformers, primary wire, connectors, cabinets and other electric apparatus as needed. These items will be included in the Estimate to be paid by the customer.
6. The customer will pay for all estimated Line Extension costs pursuant to Section 6 prior to the scheduling of District construction crews.

B. Other Line Extensions

Applicants requesting Residential Line Extensions with 5 lots or more, Mobile Home Courts, Recreational Campsite Developments, Commercial or Industrial properties ([as defined in the District's Electric Rate Schedules](#)) must construct Line Extensions in accordance with the following:

1. The customer will provide the trench, backfill, install the warning tape, conduit (electrical and fiber), vaults, bases, grounding and handholes. All Work must comply with District Construction and Design Standards. A licensed electrical contractor must install the grounding as required. The customer shall do all Work or hire a qualified contractor to perform Work within the customer's property. All Work must be inspected by a District on-site inspector prior to backfilling.
2. Vaults, bases and handholes shall be purchased from the District and paid for prior to receipt and installed per District Construction and Design Standards to ensure compatibility and uniformity with the District's electric system.
3. All Work performed on property not owned by the customer, including on public right-of-way or private easements, will be completed by the District, unless the customer or developer has the specific permitting and authority to perform Work within the right or way or private property. Applicant must provide proof of appropriate rights or permits satisfactory to the District before commencing any Work.

4. The District will install all transformers, cabinets, connectors, primary wire and other electric apparatus as needed. These items will be included in the Estimate to be paid by the customer.
5. The customer will pay for all estimated Line Extension costs pursuant to Section 6 prior to the scheduling of District construction crews.

6. PAYMENT FOR LINE EXTENSION

The Applicant will be provided an Estimate by the District. This Estimate will be based on the Line Extension Construction Options listed in Section 5. The Estimate will include all usual charges associated with a Line Extension Estimate. This Estimate will also include estimated costs for a District inspector should the customer desire or be required to install their own trenching, vaults and conduit and grounding.

All Line Extension costs must be paid by the Applicant prior to the District scheduling construction crews and proceeding with any Work. Estimates provided to the customer are void after 60 days from the date of issue if full payment has not been received.

If Work is not completed within 180 days of the issue of the Estimate to the customer, the District will issue a revised Estimate. The customer will pay the difference between the original Estimate and the revised Estimate. If this amount is not paid, the District may consider the Line Extension to be abandoned and may refund the original payment less any engineering fees, Materials used and any costs incurred by the District.

The Applicant may either:

- A. Pay the entire estimated amount as provided in the Estimate in advance.
- B. Pay one-half of the estimated amount in advance of Materials being issued. The balance of the Estimate shall be paid prior to the District scheduling construction crews and beginning construction.

Payment of transformer and meter fees must be paid in full prior to the District energizing a new service.

The Applicant will be required to make payment arrangements for any ongoing permit fees or reoccurring fees prior to construction by the District.

7. TYPE OF CONSTRUCTION

Overhead or underground construction will be installed as determined appropriate by the District. The District shall determine the most suitable type of construction in its sole discretion. Generally, all Line Extensions in subdivisions or platted areas shall be underground as may be required by city and county ordinances.

The construction phase of a Line Extension includes, but is not necessarily limited to, the following items:

- A. Preconstruction conference
- B. Construction of the Line Extension
- C. Inspection

- D. Final Acceptance and testing
- E. One Year Warranty for customer installed Electric Service Facilities

8. CONSTRUCTION REQUIREMENTS

- A. Prior to the commencement of any Work or construction, all easements and/or permits for the Electric Service Facilities must be executed and on file with the District. The easements and/or permits must be complete and satisfactory as determined by the District.
- B. As the District will be the sole owner of all Line Extension facilities and desires to provide for the future reliability, operation and maintenance of said facilities, the following conditions will apply should the customer desire to install the underground primary conduit, vaults and grounding for the Line Extension.
 - 1. The construction will be completely on private property or on an established right-of-way with the permanent right to locate and maintain the facilities. The District will not accept any Line Extension located on government agency lands with revocable permits.
 - 2. Where the city, county or state requires improvements within the right-of-way as a result of a proposed development and said right-of-way improvements require relocation of the District's Electric Service Facilities, the Applicant shall pay the estimated cost of relocating or converting these facilities. The District shall estimate the costs as part of the line extension.
 - 3. All conduits (electrical and fiber), sweeps, and the installation thereof must meet District Specifications as outlined in the District's Construction and Design Standards and must follow the design prepared by the District's Customer Service Staff or a Professional Engineer if approved by the District. The design review by the District shall not constitute assurance that the District will accept the Line Extension or Work. Any costs to repair or modify the Electric Service Facilities will be the responsibility of the Customer.
 - 4. The District will provide an on-site inspector at times during construction and before the trench is backfilled to determine if the conduits, sweeps, vaults and bases, and grounding installed by a licensed electrical contractor are installed according to the District's Specifications. The Applicant must provide advance notice to the District prior to when an inspector will be required. The District will schedule an inspector as District resources become available.
 - 5. The presence of the on-site inspector or other District representative does not constitute assurance that the District will accept the Line Extension or the Work as satisfactory. Any costs for repair or modification of the conduit installed by the customer will be borne by the customer or customer's authorized agent.
 - 6. All other matters connected with providing Electric Service shall be in

compliance with the District's Utility Service Regulations, District Design and Construction Standards.

7. The customer or contractor shall notify the District in advance to request an inspection for Final Acceptance. The District will schedule an inspector as District resources become available.
8. If the Line Extension has been installed according to the approved Plans and Specifications, inspected, backfilled, compacted, and after all of the Electric Line Extension Policy conditions are fully satisfied, the District will install the remaining electric equipment such as cables, terminations and transformers and other equipment required to energize the Line Extension. District crews will energize the Line Extension only after all Estimates and Fees and Charges have been paid and a Line Extension Checklist has been completed to the District's satisfaction.
9. A one-year Warranty Period will begin after the Line Extension has been energized by District crews. The Final Acceptance of the contract Work shall not prevent the District from making claim against the Applicant for any defective Work if same is discovered within the Warranty Period.

9. CUSTOMER RESPONSIBILITIES

- A. All Fees and the Estimate will be paid as outlined in Section 6.
- B. Work completed by the customer and not inspected by the District is subject to being exposed and repaired, if necessary, to meet District Design and Construction Standards at the customer's expense.
- C. The customer shall pay all ongoing permit or easement fees. The payment of ongoing permit fees may require a recorded agreement, such as a participation contract, affecting all properties connected to the extension as set forth in Section 10.
- D. The customer will be responsible for all costs incurred to obtain easements or permits satisfactory to the District.
- E. The customer shall grant and execute all necessary easements across land owned by the customer at no cost to the District.
- F. The customer shall supply to the District all pertinent ownership, utility dedication and signing party information relevant to the necessary easements and permits to the District as deemed satisfactory by the District in its sole discretion.
- G. Street lighting installed by the customer shall be inspected by and approved by the city or Washington State Department of Labor and Industries electrical inspector prior to hookup. All street lighting installed by a customer and not being paid for by the city, county or state must be metered.
- H. If the customer provides the trenching, vault installation and backfilling, the

customer will be responsible for maintenance and repair of the trench and vault settling for one (1) year after completion of the project.

- I. The customer may supply the District with information regarding any costs that were incurred by the customer for trenching, conduit (electrical and fiber), vault installation or other costs that a customer paid to someone other than the District for the installation of the Electric Service Facilities. The District will have the right to determine whether these supplied costs are fair and reasonable. If the customer requests, these costs may be included in calculating Latecomer Fees per Section 12.

10. EASEMENTS AND PERMITS

When an extension of the District's Electric Service Facilities is to be installed on state, county or city right-of-way, federal Lands or by permits from a governmental agency, the District shall physically construct such facilities.

The District will attempt to secure the appropriate easements and/or permits from governmental entities. When an extension of District Electric Service Facilities is to be constructed on property or right-of-way not under the jurisdiction of a governmental agency with which the District has an existing franchise or permit, the District will attempt to secure necessary easements and will initially process the easements. The customer shall be responsible to pay all costs to obtain right-of-way easements prior to construction. All easements and permits shall name the District as grantee or permittee and shall include all Electric Service Facilities (electric and fiber). In the event the District personnel are unable to secure right-of-way easements and/or permits, the customer may assist with negotiating said easements or permits. All non-standard or non-typical costs (as determined by the District) associated with the District's obtaining easements or permits in excess of these included in the Estimate will be paid by the customer.

The District is under no obligation to commence any legal action to secure easements or rights-of-way.

Any and all costs associated with obtaining easements and/or permits or ongoing permit fees will be paid by the customer. The payment of ongoing easement or permit fees may require a recorded agreement, such as a participation contract, on all properties connected to the Line Extension. As an example, if a Line Extension crosses Forest Service land, Department of Natural Resources land or railroad property, all properties connected to the Line Extension will share in the annual cost of the easement or permit.

11. DISTRICT OWNERSHIP

The District will be the sole owner of all the Electric Service Facilities upon completion and Final Acceptance by the District.

12. LATECOMER FEE

Customers who request to connect to an existing Line Extension may be required to share the costs associated with the original construction as set forth herein.

- A. The District will establish the cost per foot of the original Line Extension

- B. If an additional new service connects to this extension, the new service customer shall pay to the District the Latecomer Fee for the original Line Extension based on the footage of original construction utilized by the new customer's Line Extension.
- C. The Latecomer Fee will be refunded to the customer who paid for the original construction. This Latecomer Fee repayment program will be in force for ten (10) years after Final Acceptance of original construction.
- D. No Latecomer Fee refund will be made to a customer who has paid for or shared in the cost of the installation of the Line Extension if they have sold their property whether by deed, contract or by any other method of sale. If the customer has sold a portion of the original property, the Latecomer Fee will be proportional to property still owned by the original customer. The purchaser of property from the original customer is not eligible for Latecomer Fees.
- E. When the customer installs, or has installed by someone other than the District, the trench, conduit (electrical and fiber), vaults, bases and any other electric facilities that were not paid to the District, the customer will need to supply the District with receipts showing actual costs if the customer requests the District to collect Latecomer Fees for these costs. The District will have the right to determine that these supplied costs are fair and reasonable.
- F. Primary industrial customers, subdivision developers or owners, mobile home court developers or owners, and recreational campsite developers or owners are not eligible for Latecomer Fees.

13. SECONDARY SERVICE

Secondary service begins at the supply transformer and terminates at the customer's service entrance equipment or meter base.

A. Customer Responsibilities

- 1. The customer shall provide the District with accurate plot and building Plans, including load data.
- 2. The customer shall provide all trenching and backfilling on the customer's private property for secondary underground service and supply and install conduit (electrical and fiber) and wire as directed by the District.
- 3. The customer shall provide access, legal and physical, as required by the District for installation of service and its future maintenance for overhead or underground service and trim trees as required by the District on the customer's private property. In the event the District is required to trim trees for installation, access or maintenance, the District will charge the customer for the cost of that Work.
- 4. If underground service facilities are installed, the customer shall, per District Design and Construction Standards, provide the service trench,

conduit (3 inch for power and 1 inch, orange, for fiber), warning tape and backfill. A Residential Service customer has the option to:

- (1) provide District approved service wire and have it installed by a licensed electrical contractor or,
- (2) have the District supply and install the service wire, up to 150 feet. For overhead and underground service, the measurement shall be from the transformer location.

Note: All other customer classes will supply and install the secondary service wire per Design and Construction Standards. The District will set the meter and connect the service once the customer's Electric Service Facilities are approved by an authorized electrical inspector pursuant to state and local laws.

5. If overhead facilities are installed, the customer will have the service inspected by the Washington State Department of Labor and Industries electrical inspector as may be required before the District will set the meter and run wire to the customer's overhead mast.

B. District Responsibilities

1. The District shall determine the methods of service, i.e. availability, route and/or location, overhead or underground voltage and phase.
2. The District shall be responsible for all construction on public rights-of-way, District property and common easements serving more than one property.

14. REVISION

This policy cancels and supersedes any previous policy related to Line Extensions. This policy may be revised, supplemented or otherwise modified by action of the District's Board of Commissioners.

EFFECTIVE: **SEPTEMBER 1, 2008**

WATER / WASTEWATER LINE EXTENSION POLICY

1. GENERAL PROVISIONS

The District will provide facilities for the distribution of water and the collection of wastewater within its systems in accordance with approved land use documents, applicable water and wastewater comprehensive plans and policies. However, it will not extend, at District expense, water and/or wastewater facilities to service Line Extensions to an Applicant's property. The financial responsibility for constructing (including but not limited to all costs of design, permitting, property acquisition, and construction) Water and Wastewater System Line Extensions shall be incurred by the Applicant in accordance with this Water/Wastewater Line Extension Policy.

Where the Applicant's property is not adjacent to the District's Water or Wastewater Systems or if the line to the Applicant's property is not adequately sized, as determined by the District, in order to provide the required service to the Applicant, the Applicant shall upgrade Facilities remote from the Applicant's property and/or extend the line to its point(s) of service and pay all costs associated with the Line Extension. Water and/or wastewater Facilities that front the Applicant's property that do not meet current District standards, as determined by the District, shall be upgraded at Applicant's cost to current standards as part of the Applicant's Line Extension.

All Line Extension Applications are subject to engineering and financial feasibility analysis by the District and will be evaluated by District consistent with District business practices to determine if services can be provided technically, efficiently and economically.

2. DEFINITIONS

The following terms wherever used in this Line Extension Policy, Rate Schedules and in any Application or Line Extension Agreement shall have the following meanings and will be supplemented by the definitions in the District's Utility Service Regulations and the District's Design and Construction Standards (In the event of conflict, these definitions will control Water and Wastewater Line Extensions) :

Applicant

The person, partnership, firm, corporation, municipal corporation or entity, which is qualified by reason of property ownership, having filed an Application with the District to cause the installation of water or wastewater Line Extension improvements to become part of the District Water System and/or Wastewater System. The term shall also include the Applicant's agents, employees, contractors, and subcontractors. For purposes of notice, the Applicant address shall be the one shown in the Application.

Application

The Application for permission, in a current form approved by the District, to construct a Line Extension to a District Water System or Wastewater System, executed by the Applicant.

Contractor

Applicant's qualified Contractor, hired to complete the Work for the Line Extension

Contract Plans or Plans

All drawings or Plans and reproductions of drawings and specifications prepared by a Washington State Registered Professional Engineer and made or to be made pertaining to the Work provided for in the Application or to any structure connected therewith.

Construction Standards

District requirements as now exist or as hereafter may be amended which shall be followed during construction of the Line Extension.

Design Standards

District requirements, as now exist or as hereafter may be amended, which shall be followed during the preparation of Plans and Specifications for the Line Extension.

Details or Additional Plans

All Details or Plans prepared and issued by the Engineer subsequent to the signing of the Line Extension Agreement for further explanation or amplification of the Contract documents or for revision of same, all as herein provided.

District

Public Utility District No. 1 of Chelan County, Washington.

Engineer

The consulting Washington State Registered Professional Engineer acting as agent for the Applicant in the design of the Contract Plans.

Equipment

The machinery, accessories, appurtenances, and manufactured articles to be furnished and/or installed under the Contract.

Facilities

The pipelines, pump stations, reservoirs, structures, control Equipment, pressure reducing stations, related appurtenances and all other related and necessary facilities for the proper function of the District's Water Systems and/or Wastewater Systems.

Fees and Charges

Applicant's Fees and Charges for Line Extensions are based on recovering costs by the District and are set forth in the District's Fees and Charges schedule, as now exists or as hereafter amended.

Final Acceptance

Written Notice of District's acceptance of the ownership of the Water System or Wastewater System Facilities installed pursuant to the Line Extension Policy following completion of all requirements of this Water/Wastewater Line Extension Policy to the District's satisfaction as determined by the District in its sole discretion.

Latecomer Fees

Fees paid by the current Applicant to reimburse the original Applicant for a portion of the costs associated with the original Line Extension construction.

Line Extension

A Line Extension is an increase in the size and/or length of the District's existing water mains and/or wastewater lines required to serve an Applicant's property. A Line Extension may include new Facilities or improvements to existing Facilities.

Line Extension Agreement

A contract between the Applicant and the District, in a form approved by the District, setting forth the roles and responsibilities of the District, Applicant and Contractor, and the terms and conditions including all costs of the Line Extension process.

Line Extension Checklist

A document listing all obligations that must be fulfilled by the Applicant or Applicant's Contractor prior to Final Acceptance of the Line Extension by the District.

Maintenance Bond

A bond in a form approved by the District guaranteeing the replacement of all defective Material and Work discovered within two (2) years. The bond shall further protect the District from any damages or claims, including but not limited to consequential damages or claims, along with attorneys fees and costs necessary for the prosecution of the bond, caused by or arising from a defect in the Material and/or Work discovered during the term of said Warranty Period.

Material(s)

The machinery, manufactured articles, Materials of construction (fabricated or otherwise), and any other classes of Material to be furnished and permanently incorporated into the Work.

Or Equal

Any manufactured article, method, or Work which in the sole discretion of the District, is equally desirable or suitable for the purposes intended in District Standard Details as compared with similar articles specifically mentioned herein.

Performance Bond

The District approved surety bond form furnished by the Applicant and its surety as a guarantee that the Applicant will execute, furnish, and guarantee the Work and perform all the requirements of the Line Extension Agreement.

Regional Water System

The regional water system created by Contract dated November 13, 1998 as subsequently amended, among the City of Wenatchee, the District, and East Wenatchee Water District.

Service Area

The land area to which the District is authorized by the Washington State Departments of Health and/or Ecology to furnish water or wastewater service.

Specifications

The prescribed directions, requirements, explanations, terms, and provisions pertaining to the various features of Work to be done or manner or method of.

Standard Details

Drawings illustrating and clarifying the District's Design and Construction Standards.

Submittals

Catalog cut sheets of all Materials proposed for use in construction of the Line Extension. District must approve submittals prior to construction commencement.

Warranty Period

Two years following date of Final Acceptance.

Wastewater System

All wastewater service connections, collection lines, manholes, pump stations, force mains and appurtenances, and treatment equipment used, operated, owned, or controlled by the District to facilitate the provision of wastewater services. In some systems, it may also include a septic tank effluent pumping system.

Water System

All water source and supply facilities, transmission, pipelines, booster pump stations, distribution mains and appurtenances, vehicles and materials storage facilities, all service connections, pump stations, force mains and appurtenances, and treatment equipment used, operated, owned, or controlled by the District to facilitate the provision of water and wastewater services

Work

The Work necessary to manufacture and deliver the machinery, Equipment, and Material and/or furnish all labor, tools, Material, Equipment, construction Equipment, Working Plans, where required and other necessities for the construction or erection of the structures shown and called for in the Plans, Specifications, and Application and the act of constructing or erecting such structures.

3. LINE EXTENSION REQUIREMENTS

All Applications for Line Extensions shall comply with the procedures within sections 3.A. through 3.E.

A. Application

1. Application Form

Application for Line Extension of the District Water or Wastewater System to serve newly developed and/or existing properties shall be made by the Applicant or its agent on the District's approved forms.

Each Application shall be submitted to the District for review and approval along with all applicable Fees and Charges. Upon approval, the Applicant may proceed with the Line Extension design (Plans and Specifications) in accordance with the District's requirements, however such approval shall expire one year from the approval of the Plans and Specifications unless the Applicant has entered into a Line Extension Agreement and is complying with the construction schedule set forth in such agreement. An Application must include the Site Plan and satisfactory evidence and proof of ownership as set forth in Sections 3.A.2 and 3.A.3 below.

2. Site Plan for Application

Each Application shall be accompanied by a site plan, drawn to scale, illustrating the properties to be served and the approximate location of the proposed Work. The District will review the proposal and the layout of the location of all water and wastewater infrastructure needed to serve the area. The District will provide guidance which shall be used during preparation of Plans and Specifications for the Line Extension.

3. Ownership of Land

Applicant shall provide satisfactory proof of ownership or right to use land impacted by any Line Extension.

4. Permits, Easements and Approvals

All necessary permits, easements, and approvals shall be obtained by the Applicant prior to any construction, at the Applicant's expense. These may include, but are not limited to, permits, easements, and approvals from private property owners or entities (such as railroads), federal or Washington state agencies, counties or, cities. Construction in any public

right-of-way shall comply with applicable federal, state, or local construction requirements of the agency (ies) with authority over the right-of-way.

All water and/or wastewater Facilities shall be located on public rights-of-way or dedicated easements in a form approved in advance in writing by the District, providing for but not limited to, perpetual operation, maintenance and service responsibilities. All easement grants shall either be to the District or assignable to the District.

Any and all costs associated with obtaining easements, permits and/or other approvals and/or ongoing easement/permit/approval fees shall be borne by the Applicant. The payment of any ongoing fees may require a recorded agreement, such as a participation contract, on all properties connected to the Line Extension. For example, and not by way of limitation, if a Line Extension crosses U.S. Forest Service land, U.S. Department of Natural Resources, or railroad property, all properties connected to the Line Extension typically share in the annual cost of the easements or permits from these agencies or entity.

B. Administration

1. Latecomer Fees

Future Applicants seeking to connect to a Line Extension subject to Latecomer Fees, shall share the cost of the original construction as set forth herein.

The District will establish the cost per foot of the original Line Extension construction upon Final Acceptance of the original Line Extension. The Applicant shall pay Latecomer Fees to the District based on the footage of original construction utilized by the Applicant's Line Extension.

If a future new service connects to a Latecomer Line Extension, the new service Applicant shall pay to the District the Latecomers Fee for the original Line Extension. The Latecomer fee will be refunded to the Applicant who installed and paid for the original construction. This "Latecomer Fee" repayment program will be in force for ten (10) years after Final Acceptance of original construction.

No Latecomer fee refund will be made to an Applicant who has paid for or shared in the cost of the installation of the Line Extension if they have sold their property whether by deed, Contract or by any other method of sale. If the Applicant has sold a portion of the original property, any Latecomer Fees will be pro-rated based on the property still owned by the original Applicant. The purchaser of property from an original Applicant is not eligible for Latecomer Fees.

2. Facility Modifications

All costs for modifications to existing Water System or Wastewater System deemed necessary by the District or other agency (State, County, City, easement holder, permit holder, etc.) as a result of the Applicant's proposed development shall be borne by the Applicant in accordance with the District's Facility Modification Policy.

3. System Development Charge, Meter Fee & Additional Charges

Each service connection requested in the Line Extension will be assessed a system development charge, meter fee and other applicable fees and charges, due in full prior to connection of service. Refer to Fees and Charges, Water Rate Schedules and Wastewater Rate Schedules for a complete list of charges.

4. Temporary Water Service

Where an Applicant's Line Extension construction project would disrupt service to existing District customers for more than four hours, as determined by the District, the Applicant's Line Extension shall include provisions for temporary water service to the affected customers. Design of the temporary water service shall be included in the Applicant's Contract Plans and approved by the District. Applicant shall also be responsible for installation of the required temporary water service. The temporary water service shall be disinfected, flushed, and pass a bacteriological test prior to being placed into use. Final connection to the existing customers shall be performed by the District and paid by the Applicant. Temporary water service maintenance and repairs shall be performed by the District. The Applicant shall reimburse the District actual costs expended for maintenance and repairs, as compiled in writing by the District and delivered to the Applicant, prior to Final Acceptance of the Line Extension.

5. Facility Oversizing

The District may require an Applicant to install Facilities larger than would be required by the District's Design Standards to serve the Applicant's Line Extension. The District will reimburse the Applicant for the incremental cost difference due to oversizing, provided the Applicant complies with the prevailing wage requirements set forth in RCW 39.12, and furnishes the District a copy of the U.S. Department of Labor and Industries Affidavit of Wages Paid for the Line Extension.

The District will estimate the incremental cost difference for Materials based on the District's actual procurement costs for the year the Line Extension is constructed.

No incremental cost difference for installation will be allowed where the increase in nominal pipeline diameter is 4-inches or less. Where the incremental pipe diameter increase exceeds 4-inches, the District will calculate incremental costs based on the percentage increase in trench

width required to install the larger pipe. The percentage increase in trench width will be based on the limits established in the District's Standard Details.

The District will estimate the incremental cost difference for increased reservoir volume based on the installed cost per gallon for the reservoir structure.

Other incremental costs not identified, herein, will be determined by the District on a case by case basis.

A fixed lump sum of 15% of the incremental Material and labor costs will be included as complete compensation for overhead and profit. The District will pay Washington State sales tax on the total incremental costs as determined by the District at the local rate in effect at the time of construction.

6. Other Costs.

The Applicant shall be responsible for all other costs incurred by the District arising out of the Line Extension.

7. Water Rights

Applicants shall furnish Water Rights in accordance with the District's Water Rights Acquisition Policy.

C. Design

1. General

The design phase of the Line Extension process includes, but is not limited to, preparation of Plans and Specifications, District approval of Plans and Specifications, and, if applicable, approval by the Washington State Departments of Health and/or Ecology.

2. Engineer

Line Extension Plans and Specifications shall be prepared and stamped by a professional Engineer licensed in the State of Washington. The Engineer hired by Applicant shall be competent in water and wastewater system design and construction and shall have successfully designed and overseen construction of a minimum of three projects of similar size and scope of the proposed Line Extension. Engineer shall furnish qualifications to District upon request prior to commencing design.

3. Location of Line Extension

The Line Extension shall connect to a point designated by the District. The Line Extension shall be extended to the boundaries of the property being served, providing access to all adjacent properties that may require future service. Water lines shall be looped and dead-end mains avoided whenever possible and deemed necessary by the District.

At the District's discretion, the requirement to extend to the boundaries of the property may be waived for extensions to serve a single connection, whereby the front footage results in financial hardship or unreasonable costs as determined by the District. In this situation, the Line Extension shall extend a minimum of 10-feet beyond the service connection point. Easements to the boundaries of the property being served, providing access to all adjacent properties that may require future service, shall be provided by the Applicant prior to Final Acceptance of the Line Extension. Easements shall be prepared for District review and approval using District approved forms. Costs to prepare and execute easements shall be borne by the Applicant.

4. Standards and Specifications

All Line Extensions shall be designed and installed in accordance with the following District requirements, as now exist or as may be hereafter amended:

- a. Standard Details
- b. Design Standards
- c. Construction Standards

5. Approval

Two (2) sets of Plans and Specifications shall be submitted for the District's review and approval prior to commencing construction. Plans and Specifications shall be prepared in accordance with Section 3.C.4.

The District will review and return any comments for correction to the Engineer. Corrected Plans and Specifications shall be returned to the District for additional review. Upon receiving satisfactory Plans and Specifications, the District will approve the Line Extension for construction by signing the Plans. Only Plans signed by the District are allowed for construction and materials submittals. Signed Plans must be used on the construction site at all times.

District approval of Plans and Specifications shall expire one year after the approval date if the Applicant has not entered into a Line Extension Agreement and is not complying with the construction schedule set forth therein.

6. Submission to Department of Ecology

District approved Plans for Wastewater Line Extensions shall be submitted to the Washington State Department of Ecology for review and approval. Ecology approval shall be obtained prior to construction. If the Line Extension is part of an Ecology-approved General Sewer Plan, submittal and approval is not required. Refer to WAC 173-240-030(5), as now exists or as may be hereafter amended, for additional details. All Department of Ecology review fees, and any costs necessary to comply with Department of Ecology requirements shall be paid by the Applicant.

7. Submission to Department of Health

District approved Plans for Water Line Extensions requiring a new pressure zone, or a revision to an existing booster pump station or reservoir shall be submitted to the Washington State Department of Health for review and approval. Health approval of District approved Plans shall be obtained prior to construction. All Department of Health review fees, and any costs necessary to comply with Department of Health requirements shall be paid by the Applicant.

8. Regional Water System Approval

Applicants with property located outside the District's Service Area shall obtain approval for service from the Regional Water System. Applicant shall pay all costs for the Regional Water System to update its comprehensive water plan and obtain approval from the Washington State Department of Health in order to serve the Applicant's property.

9. Fire District Approval

Water Line Extensions shall be designed to ensure the placement of fire hydrants in accordance with the requirements of the respective Fire District. The Fire District shall provide written confirmation that the Plans are approved for construction prior to the District approving the Plans for construction.

10. Other Approvals

Any other Federal, state or local approvals applicable to the Line Extension shall be obtained by the Applicant and all costs associated with such approvals shall be borne by the Applicant.

D. Construction

1. Procedures

Construction procedures shall be in full accordance with the latest edition of the following documents, in the order of precedence listed:

- a. District Water and Wastewater Standard Details
- b. District Construction Standards

2. Contractor

All Line Extensions shall be installed by a Washington State licensed and bonded contractor. Contractor shall have successfully completed a minimum of three (3) projects of similar size and scope of the proposed Line Extension. The District reserves the right to review and approve the Applicant's Contractor.

3. Pre-Construction Conference

The Applicant shall schedule a pre-construction conference with the District after the construction Plans and Specifications have been approved. At the pre-construction conference, the District will present and cover in detail the Line Extension Agreement and Line Extension

Checklist. Additionally, major elements of the Line Extension construction will be discussed. The Applicant and Applicant's Contractor shall sign the Line Extension Agreement and Checklist prior to beginning construction.

The Applicant shall present the District with four hard copy sets of final signed Plans for the District's use during construction.

4. Material and Equipment Submittals

In accordance with the District's Standards Details, the Applicant or Contractor shall submit a list of all Materials and Equipment to be used on the Line Extension project. The list shall include manufacturer names, part numbers, sizes, types and grades of all items to be permanently incorporated into the Work. The District may reject certain items and will provide approval, disapproval, and/or comment in writing. Construction shall not begin prior to approval of all Material and Equipment Submittals.

5. Changes to Construction Plans and Specifications

The Work shall be constructed in accordance with the District approved Contract Plans. No deviations will be allowed without request for change and approval from the District. The District reserves the right to order changes in accordance with the District's Standard Details and Design and Construction Standards in the event of changed conditions or circumstances discovered during construction.

6. Inspection

No Work will be accepted without an onsite District inspection. The Applicant shall provide access to the District and its representatives at all times for the purpose of inspection and testing. The District may refuse acceptance of any Work installed without inspection.

The Contractor shall schedule inspection at least two full working days before construction activities begin. If there are breaks in construction, there must be two working days notice before Work commences again. The District will reject all defective Material, Equipment and Work that is not conducted in accordance with procedures set forth in Section 3.D.1.

If any Work should be backfilled without approval by the District, it shall be uncovered for inspection at the Applicant's expense.

Where Work is performed other than during the District's established 40-hour work week, the Applicant shall pay all additional costs incurred by the District for the inspection. Additional costs shall be paid in full prior to Final Acceptance of the Line Extension.

Applicable local municipal, state, or federal requirements may require inspection and testing in addition to District inspection and testing. The Applicant shall provide the District a minimum of two working days notice of scheduled inspections and tests. Any required certificates of inspection shall be secured by the Applicant at the Applicant's cost, with one hard copy furnished to the District.

7. Line Extension Fees

The Applicant shall pay all applicable Line Extension Fees, as stated herein and within the Fees and Charges Schedule, prior to beginning construction. The Line Extension Checklist provided to the Applicant at the Pre-Construction Conference will have all fees listed in detail. Additionally, these fees will be incorporated into the Line Extension Agreement between the Applicant and the District.

8. Indemnification and Liability

The Applicant shall indemnify, defend, pay on behalf of, and save the District harmless from any and all claims or liability for damages arising from acts done or omissions in performance of the Work by Applicant and/or Applicant's contractor to the extent that such claim or liability does not arise from the negligence of the District. Applicant shall require its Contractor to provide evidence of insurance for the protection of Applicant and District in connection with the Work to be performed.

Nothing in this policy shall be construed as imposing any liability on the District for acts of the Applicant or Contractor. Nor does this policy or any other statement obligate the District to complete a Line Extension or attendant facilities.

E. Acceptance

1. Pressure Testing

All water and wastewater piping and appurtenances shall be pressure tested in accordance with the District's Standard Details and Construction Standards. Water for initial flushing, line filling, pressure testing, and disinfection shall be provided from a District water source when available. The Line Extension shall be separated from the District's Water System by cross connection control methods approved by the District.

2. Disinfection and Flushing of Water Mains

Disinfection shall be provided in accordance with the District's Standard Details and Construction Standards. Disinfected lines shall be flushed with water from the District's Water System. The Line Extension shall be separated from the District's water system by cross connection control methods approved by the District. Following flushing, the District will collect water samples and submit for bacteriological testing to a Washington State certified laboratory. If test results are not satisfactory, lines shall again be disinfected and flushed by the Contractor and tested by the District until satisfactory results are obtained. All flushed water shall be disposed of in accordance with applicable Washington Department of Ecology rules and regulations.

3. Final Connection to District Systems

Following pressure testing and receipt of satisfactory bacteriological testing results (water extensions only), final connections to the District's

existing Water and Wastewater systems shall be performed in accordance with the District's Construction Standards.

4. Maintenance Bond

The Applicant, or its Contractor, shall obtain a Maintenance Bond based on the value of the Work. The bond shall be effective for a two year period, beginning after written Final Acceptance of the Work by the District. The maintenance bond shall utilize the District's approved form and be furnished to the District prior to Final Acceptance of the Line Extension.

5. As-Built Drawings and O&M Manuals

The original Line Extension Contract Plans shall be revised to illustrate all changes and modifications required during construction. Any deviations from originally approved Contract Plans shall be recorded with one (1) set of reproducible As-Built mylars, sheet size as identified in District Design Standards, and electronic file in AutoCAD release version as identified by the District. As-built Plans shall include, the locations of all District facilities, including but not limited to lines, valves, hydrants, manholes, wyes, clean-outs, and fittings giving sizes and types of each and 5-foot or less contour line at county datum. The drawings shall show survey accurate dimensions of lines from property boundaries and established surveyed control points. The Applicant shall make every effort in acquiring all necessary information for accurate As-Built conditions.

Two (2) hard copies of Operations & Maintenance Manuals (where applicable) shall be provided, upon request, to the District.

6. Easements and Bill of Sale

The Applicant shall acquire and complete all necessary Easements and a Bill of Sale transferring the ownership of all installed Line Extension facilities to the District. In the case of a new plat, the easements shall be shown and recorded as part of the plat. Special facilities such as pump stations and reservoirs shall be constructed on a separate legal tract or parcel of land and dedicated to the District.

7. Final Acceptance

The Applicant shall notify the District requesting a final inspection for approval of the Line Extension project. If the Line Extension has been installed according to the approved Plans and Specifications, pressure and bacteriological tests are passed (in the case of water system extensions), and after all of the Line Extension Policy conditions are fully satisfied, as shown by District completion of a Line Extension Checklist, the District will prepare and date a letter of Final Acceptance of the Line Extension. The Warranty Period will begin after Final Acceptance. The acceptance of the Contract Work shall not prevent the District from making claim against the Applicant for any defective Work if same is discovered within the period of the Maintenance Bond.

8. Performance Bonding for Uncompleted Work

Service will be provided prior to completion of Line Extension requirements only for constructed items that cannot be completed as a result of inclement weather, provided the Applicant enters into an agreement with the District and furnishes the District a Performance Bond for the uncompleted Work. The following constructed items must be completed, at a minimum, prior to the District accepting a Performance Bond for uncompleted Work:

- a. All water and wastewater structures, piping, and appurtenances shall be installed and all testing and inspection requirements shall be completed. The District shall be provided unrestricted access to the Work at all times.
- b. All surface items (manholes, valve cans, etc.) installed in areas subject to vehicle traffic shall be fully operational, installed to final grade, and sealed in place with asphalt paving or concrete and inspected in accordance with District standards.

The value of the Performance Bond shall be 150 percent of the Applicant's estimated costs to complete the Work, or the actual cost for the District to perform the uncompleted Work, as estimated by the District, whichever is greater. The form used for the Performance Bond and Surety must be approved by the District. Costs to obtain the Performance Bond shall be borne by the Applicant. The District must receive the Performance Bond prior to executing Applications for service from uncompleted Line Extensions.

The Applicant shall enter into an agreement with the District to complete the uncompleted Work, within a time period determined by the District. In no circumstances shall the time period exceed six months. The Applicant shall pay the District's actual costs to prepare and administer the agreement. These costs must be paid prior to the District accepting a Performance Bond for uncompleted Line Extensions

9. Water Availability

No services connections will be allowed until all above listed items have been received by the District and, if applicable, Applicant has complied with the Water Rights Acquisition Policy. When all these conditions, in the opinion of the District as herein set forth, are met, the District will then issue water availability for service from the new Line Extension.

EFFECTIVE: **October 5, 2009**

WATER RIGHTS ACQUISITION POLICY

1. PURPOSE

The purpose of this policy is to provide a means for the District to acquire water rights to support new development within the approved service areas of the Chelan Ridge, Dryden, and Olalla Canyon Municipal Water Systems and any future Municipal Water System maintained and operated and maintained solely by the District (collectively the “Municipal Water Systems”).

This policy does not apply to the District’s Municipal Water System included in the regional water system serving the Greater Wenatchee Valley jointly owned by the City of Wenatchee, the East Wenatchee Water District and the District, pursuant to the Regional Water System Contract.

The purpose of this policy shall be achieved through the transfer of water rights to the District or the payment of fees to the District to be used to acquire additional water rights as a condition of receiving Water Service from one of the District’s Municipal Water Systems. The purpose for requiring a transfer of water rights or payment in lieu thereof is to enhance the public health, safety, and welfare by providing a means for the District to meet the future Water Service needs of property that may connect to the District’s Municipal Water Systems.

2. GENERAL PROVISIONS

- A. No Water Connection to the District’s Municipal Water Systems shall be allowed or permitted until the Applicant has fully complied with this policy and, if applicable, the water rights have been successfully transferred, or, if permitted by the District, the payment in lieu of such transfer has occurred.
- B. To be considered for a Water Connection as set forth in this policy, the Applicant shall submit a complete Application on a form prepared by the District, together with all information reasonably requested by the District in order to process the Application.
- C. Nothing in this policy shall obligate the District to provide a Water Connection outside of the District’s service area most recently approved by the Department of Health. The decision whether to request or pursue a revision in the boundaries of the Municipal Water System beyond that contained in an approved service area is committed to the sole discretion of the District.
- D. Nothing in this policy guarantees that a Water Connection or Water Service will be available within the approved service area. Water Service within the

approved service area is generally available on a first come, first serve basis, and is subject to water availability, system limitations and other considerations.

- E. The District reserves the right to declare moratoria, establish limitations on water use, and adopt other measures to preserve the Municipal Water Systems, especially in times where water availability is a concern due to limitations within existing water right documents (such as permits, claims, certificates, etc.), drought, emergency, or otherwise

3. DEFINITIONS

The following terms wherever used in this Water Rights Acquisition Policy, Rate Schedules and in any Application or Line Extension Agreement shall have the following meanings and will be supplemented by the definitions in the District's Utility Service Regulations and the District's Design and Construction Standards (In the event of conflict, these definitions will control Water Rights Acquisitions):

Applicant

The person, partnership, firm, corporation, entity, or municipal corporation having filed an Application and who is qualified (by reason of property ownership) to obtain Water Connection from one of the Municipal Water Systems solely owned and operated by the District.

Application

A complete Application is required prior to the District review of the same. An Application shall be made on a form prepared by the District and will include all information reasonably requested by the District in order to process the request for Water Connection. A complete Application is required prior to the District's review. An Application shall only be found to be complete if the Applicant has submitted satisfactory evidence to the District, as determined by the District, that the water right or rights sought to be transferred to the District in furtherance of this policy are in good standing and not subject to relinquishment or abandonment, and that the Applicant can demonstrate beneficial use of the water in amounts equal to the amounts that will need to be transferred to the District to satisfy this policy.

Benefited Property

The real property owned by the Applicant that will benefit from the Water Connection.

Comprehensive Water Plan

The District's water system planning document(s) prepared in accordance with applicable laws and regulations, including Chapter 246-290 of the Washington Administrative Code (as they now exists or is hereafter amended) and approved by the Washington State Department of Health.

District

Public Utility District No. 1 of Chelan County, Washington

Estimated Equivalent Residential Usage or ERU

The volume of water, measured in gallons per day, used by the average residential customer of the subject water system, as determined by the District.

Manager

The Executive Manager of Operations or a person in another position employed by the District as appointed by the General Manager.

Municipal Water System

Chelan Ridge, Dryden and Olalla Canyon Municipal Water Systems and any future Municipal Water System owned, maintained and operated solely by the District.

RCW

Revised Code of Washington

Water Connection

A request for a point of connection to a District Municipal Water System as set forth in this policy to facilitate Water Service to the Benefited Property.

Water Service

The availability of water at a point of delivery for use by the Applicant, irrespective of whether water is actually used, as defined by the District Utility Service Regulations, as they now exist or are hereafter amended.

4. TYPES OF WATER RIGHTS

This policy shall apply to all of the various types of water rights or rights to water that are appurtenant to or associated with the real property that is subject to this policy (excluding shares in an irrigation district formed pursuant to RCW Chapter 87.03 or water rights held by federal reclamation projects), and shall include all real and personal property interests in and to the water rights at issue. For example, the various types of water rights subject to this policy include, but are not necessarily limited to, the following: permits, certificates, adjudicated water rights, and claims issued by or on file with the Washington State Department of Ecology, or any of its predecessors.

5. LINE EXTENSIONS

Prior to approval of any line extension (as defined by the District's Water/Wastewater Line Extension Policy, as it now exists or is hereafter amended) to any real property

(inside or outside a service area approved by the Department of Health), the Applicant shall obtain an approved Water Connection for the Benefited Property subject to the provisions of this policy.

6. WATER CONNECTION

- A. The owner of a legal lot of record existing as of the date this policy is adopted and located within a present service area approved by the Department of Health, who seeks a Water Connection to the District's Municipal Water System shall not be required to transfer water rights or make a payment in lieu of a water right transfer to this policy; provided that said Water Connection shall be for a single family dwelling and said dwelling does not have a water demand greater than one equivalent residential unit (ERU). If the conditions of this subsection 6(A) have been satisfied, then the Application shall be marked "Exempt".
- B. Prior to the approval of Water Connection outside of the District's service area, as determined by the most recent Comprehensive Water Plan, the District may, but is not required to, initiate the steps, at the Applicant's expense, to amend the approved service area to include the Benefited Property. If the District elects not to pursue an amendment to the applicable Comprehensive Water Plan, or after initiating the steps the District elects to no longer pursue an amendment to the applicable Comprehensive Water Plan, or the amendment to include the Benefited Property is denied by the Department of Health or challenged by a third party, then the request for the Water Service shall be deemed denied.
- C. Except as provided in Section 6(A), above, any Applicant seeking Water Connection to one of the District's Municipal Water Systems shall comply with one of the following conditions, as determined by the District (listed in order of preference):
 - i. Transfer water rights associated with the Benefited Property to the District consistent with this policy; or
 - ii. Transfer water rights from another source (unrelated to the Benefited Property) to the District consistent with this policy; or
 - iii. Submit a payment in lieu of a water right transfer consistent with this policy.
- D. At the sole discretion of the District, the District may accept a bond to proceed with a project for which Water Connection is sought equal to the payment in lieu amount which shall be payable to the District in the event the water right transfer is not successful, in whole or in part. The bond shall be in a form acceptable to the District in its sole discretion.

7. AMOUNT OF WATER AND PAYMENT IN LIEU; COSTS

A. Water Use Determination

The amount of water rights to be transferred to the District pursuant to Section 6 shall be sufficient to serve the estimated equivalent residential units (ERUs) necessary for the development of the Benefited Property as described in the Application and related development permits sought by the Applicant. This determination shall be made by the Manager after receipt of a complete Application, as determined by the District. A determination will be communicated in writing to the Applicant.

B. Excess Water Rights

To the extent the water rights associated with the Benefited Property identified in the Application exceed (i) the anticipated water usage for the Benefited Property as determined pursuant to Section 7(A), and (ii) water rights retained by the Applicant for use solely on the Benefited Property identified in the Application for the irrigation of open space or common areas, or for recreational purposes or amenities identified in the Application and development permits sought by the Applicant, the District in its sole discretion may:

- i. Negotiate with the Applicant to transfer some or all of the excess water rights to the District and the District shall pay the Applicant for the excess water rights to be transferred to the District an amount to be agreed upon by the Applicant and the District.
- ii. Allow said owner to transfer the excess water rights to the District in exchange for credits (converted to ERUs) to be applied to other property owned by said Applicant within the same approved service area, subject to the provisions of this policy when the Applicant seeks to connect said other property to the District's Municipal Water System.

In the event the excess water rights are transferred to the District, the transfer will be processed simultaneously with and part of the transfer process outlined in Section 10, and the District shall be responsible for the proportionate share of the transfer costs attributable to the excess water rights. In the event the District does not acquire excess water rights, then the Applicant may transfer and use said excess water rights without further involvement of the District.

C. Previous Compliance with Policy

As part of the analysis of the amount of water that must be transferred to the District, if the Applicant demonstrates to the District's satisfaction that the property benefited by the Application was previously subject to the provisions of this policy and water was transferred to the District in furtherance of that prior Application, then the District shall take into consideration and provide appropriate credit for property that was previously subject to the provisions of this policy.

D. Ability to Complete Transfer/Determination of District Best Interest

In the event the District requires the transfer of water rights, one aspect of the investigation associated with the change application that must be processed to complete the transfer is whether the existing point of withdrawal or diversion for the Applicant's water right is in hydraulic continuity with the District's point of withdrawal or diversion associated with the particular Municipal Water System. In addition, there are a number of issues that can arise during the change application process, including but not limited to matters involving the instantaneous rate of withdrawal or diversion, beneficial use, annual use limitations, instream flow conditions, relinquishment, abandonment concerns, any future or anticipated costs that may relate to or arise from the water that may be imposed on or incurred by the District, and/or issues which may impact the best interest of the District and which District will consider in its decision on whether or not to proceed with the change application and the Application. The Applicant must provide proof, satisfactory to the District, that the Applicant currently owns and has the perfected title to the water rights to be transferred. The Applicant grants the District access to the Benefited Property if inspection of that property is deemed necessary by the District. The Applicant shall cooperate in requests for further information as deemed appropriate by the District.

If after commencing the change application process, the District elects to no longer pursue the change application, which decision is committed to the District's discretion, then the District may, in its sole discretion, (i) cancel the Application, or (ii) require the Applicant to transfer other water rights, or (iii) require the Applicant to pay the District the amount determined pursuant to Section 7(E) in lieu of the transfer of water rights.

E. Payment in Lieu

In the event water rights are not transferred to the District in an amount sufficient to meet the anticipated demand, expressed in ERUs, of the Benefited Property, then the District may elect to have the owner(s) of the Benefited Property pay to the District, at the then current market value as determined by the District, the value of the ERUs the District estimates will be necessary to serve the Benefited Property as determined in Section 7(A). For example, if no water rights are transferred to the District, the Manager shall use a per-ERU value to compute the payment in lieu for the Benefited Property. Further, if some water rights are transferred to the District, but are not adequate to serve the anticipated demand of the Benefited Property, the deficiency shall be computed in ERU's and the Manager shall use a per-ERU value to compute the payment in lieu for the water demand deficiency associated with the Benefited Property.

The payment in lieu process is committed to the sole discretion of the District and may not be an available option for the Applicant, in which event, the Application will be denied by the District if the Applicant is unable to transfer sufficient water rights to the District consistent with this policy.

F. Payment of Costs

The Applicant shall pay the District a deposit in the estimated amount to cover all costs associated with:

- i. The District's determination of the anticipated water usage for the Benefited Property and current market value of an ERU of water and all costs associated with the transfer of water rights to the District.
- ii. The costs associated with completing the transfer of the water rights to the District. The Applicants who make payment to the District in lieu of transfer of water rights to the District shall also pay the District's estimated costs of processing the transfer and acquisition of the water rights in the future.

The term "costs" as used in this sub-section shall include, but is not limited to, District staff time, engineering fees, attorneys fees, consultant fees, Application fees, Chelan County Water Conservancy Board Fees, publication fees, and any other fees or charges associated with processing and recording the transfer and acquisition of water rights.

If the deposit is inadequate to cover all costs, the Applicant shall be responsible to pay an additional deposit for additional costs or immediately reimburse the District for costs incurred as requested by the District.

8. OWNERSHIP OF WATER RIGHTS BY THE DISTRICT

All water rights transferred to the District pursuant to this policy shall become assets of the District.

9. PAYMENTS RECEIVED BY THE DISTRICT

The District is an integrated utility under Washington State laws. All money paid pursuant to this policy shall be paid directly to the District.

10. FORM OF TRANSFER AND CONVEYANCE OF WATER RIGHT

The transfer of water rights pursuant to this policy shall be in such forms as may be required and approved by the District as determined by the District in its sole discretion to be adequate. Applicants transferring water rights pursuant to this policy shall execute all documents required by the District and/or any other governmental entity that may be necessary to achieve the purposes of this policy. Those documents may include, but are not limited to, a change application seeking to change the point of diversion, the place of use, the purpose of use, and any other documents or forms. The District will diligently pursue approval of the water right transfer. In order for a water right transfer to be completed:

- a. The water right transfer must ultimately be approved by the Department of Ecology and all appeal periods must have expired without challenge.
- b. The water right must be changed to a municipal water right.
- c. The Benefited Property is included within a Municipal Water System service area that is approved by the Department of Health.
- d. The Applicant transferring water rights pursuant to this policy must convey the water right to the District by Statutory Warranty Deed or other appropriate

- conveyance instrument, as determined by the District, upon completion of the water right transfer.
- e. The Applicant shall pay the real estate excise tax, fees and costs associated with the transfer.

11. COMMITMENT BY DISTRICT

Effective upon the date the water rights are successfully transferred and conveyed to the District as required by this policy and for a period of ten (10) years thereafter, the District shall make available to the Benefited Property, water usage in amounts at least equal to the amount of water usage transferred to the District by the Applicant. The requirement of the District to make available this water usage shall not be construed to require the District to construct any District water system extensions or improvements that may be necessary to serve the Benefited Property. Any such District water system extensions or improvements shall be constructed by the Applicant at the Applicant's expense. In the event a building permit is denied within the above ten (10) year period solely because the water rights associated with the applicable Municipal Water System are not adequate to serve the property that is the subject of the building permit, and the property for which said building permit is sought was previously subject to the provisions of this policy resulting in a transfer and conveyance of water rights or the payment in lieu thereof to the District, then the building permit Applicant, as the sole and exclusive remedy, shall receive a payment equal to the ERU(s) originally attributed to said property at the value established at the time of the original Application (all as determined by the Manager) without interest from the date of the original Application.

12. APPEALS

Any decision specifically committed to the Manager will be reviewed by the General Manager; provided the Applicant serves a written notice to the District requesting the review within 14 calendar days of the issuance of the written recommendation of the Manager. If a written notice requesting review is not timely served upon the District, then the Manager's recommendation shall be the final decision of the District. If a written notice requesting review is timely served on the District, the General Manager shall review the recommendation of the Manager and issue a final decision within 20 calendar days of the service of the notice requesting review on the District. If no action is taken by the District within said 20 calendar days, then the recommendation of the Manager shall be the final decision of the District. Any final decision within the limited scope of this Section 12 may be appealed for abuse of discretion by filing an appeal in the Chelan County Superior Court within 21 calendar days of the date of the final decision.

Effective Date: **October 5, 2009**

NETWORKS TELECOMMUNICATIONS LINE EXTENSION POLICY FOR SERVICE PROVIDERS

1. LINE EXTENSION DEFINITION AND GENERAL PROVISIONS

A line extension is defined as an increase in the size and/or length of the District's existing telecommunications facilities required to serve a Service Provider within the District's service area.

All line extensions are subject to engineering and financial feasibility analysis by the District and are evaluated consistent with the directives of the District's Commission and business practices to provide efficient service to the Service Provider as further defined in the agreements between the Service Providers and the District or District regulations. The amount to be paid by a Service Provider is subject to change as determined by the District's financial requirements and approved revisions to this Line Extension Policy. Upon completion of construction, the District will be sole owner of all line extension facilities. A new line extension may also require participation in annual permit fees as outlined in Section 8.

The line extension shall generally commence at a node or a splice point on the District's present telecommunications facilities. Extensions may also include improvements or relocation of existing facilities to meet a Service Provider's requirement or request. The Service Provider shall pay all costs associated with the location or relocation of any facilities.

2. DEFINITIONS/TYPES OF CUSTOMER

"Service Providers" are those entities which, pursuant to RCW 54.1.005 and 54.16.330, are authorized to provide telecommunications services to the general public and/or are Internet Service Providers and have entered into agreements with the District to provide telecommunications services to District customers through the District's telecommunications infrastructure.

3. LINE EXTENSION CONSTRUCTION

- A. Except as provided herein, the Service Provider may provide the trench and back filling of the trench, install the conduit, warning tape, vaults, bases and handholes. All work must comply with District designs and standards. A licensed electrical contractor must install the grounding for the vaults, if applicable. If the Service Provider opts for doing the above work, they must do all the work as outlined above. All work must be inspected by a District inspector.
- B. The Service Provider may request the District to do all the work as outlined in (A) above.

- C. All work on public right-of-way must be completed by the District and paid for by the Service Provider as part of the line extension cost.
- D. Vaults, bases and handholes shall be purchased from the District and installed by the Service Provider per District standards to ensure compatibility and uniformity with the District's system.
- E. The District will provide and install all electronics, fiber optic cable, connectors, cabinets and other apparatus as needed.
- F. The Service Provider will pay for all line extension costs.

4. LINE EXTENSION “FIXED ESTIMATE” OR “ACTUAL COST” PAYMENT OPTIONS

A. “Fixed Estimate”

Subject to the exception for concealed physical conditions set forth below, the Service Provider will be provided a “Fixed Estimate” option under which the Service Provider will be provided a cost estimate based on the Line Extension Construction options listed in Section 3. The Service Provider shall pay this estimated cost pursuant to Section 5 of this policy. The “fixed estimate” will include all usual charges associated with a line extension estimate. This cost will also include estimated costs for a District inspector should the Service Provider desire or is required to install their own trenching, vaults and conduit.

If physical conditions encountered at the site during installation differ materially from those apparent when the District made its estimate (i.e., subsurface rocks or other concealed physical conditions), the District will notify Service Provider of the changed conditions. In the event of changed conditions, this Fixed Estimate option will terminate and the Service Provider shall be charged the actual cost of the line extension as set forth in 4B below. Nothing contained in these regulations shall shift the risk of any concealed physical conditions to the District.

The Fixed Estimate must be paid and/or payment arrangements made prior to construction.

B. “Actual Cost”

There is an “Actual Cost” option under which the Service Provider will be provided a cost estimate based on the Line Extension Construction options listed in Section 3. Initial payment will be based on this estimated cost. The Service Provider shall pay this estimated cost pursuant to Section 5 of this schedule. The estimate will include all usual charges associated with a line extension estimate. This cost will also include estimated costs for a District inspector should the Service Provider desire or is required to install their own trenching, vaults and conduit. If physical conditions encountered at the site during installation differ materially from those apparent when the District made its estimate (i.e., subsurface rocks or other concealed physical conditions), the District will notify Service Provider of the changed conditions. The District will then provide the Service Provider with a revised cost estimate for the work, which the Service Provider shall pay. A 10% administrative fee based on the estimated cost of the

project shall be charged and paid by the Service Provider if the Actual Cost option is chosen. The estimated cost will be paid and/or payment arrangements made prior to construction.

The District will track the actual costs of the project and audit them once the project is completed. The Service Provider's actual cost will be based on the audited costs. Payment for facilities shall be in accordance with Section 5 of this schedule.

5. PAYMENT FOR FACILITIES

All fees and line extension costs must be paid or payment arrangements made by the Service Provider prior to the District proceeding with construction or issuing materials to the job, subject to the following:

The Service Provider may either:

1. (a) Pay the entire estimated amount in advance of construction or, (b) pay one-half of the estimated amount in advance and the balance can be deferred until the actual completed costs are available in the instance of an "actual cost" job or once the job is completed for a "fixed estimate" job. All deferred amounts must be secured by an irrevocable letter of credit from an approved financial institution or other security approved by the District. In the event that changed conditions require a revised estimate, that revised estimated amount shall be paid prior to continuation of construction.
2. Should the Service Provider default on the conditions of payment of the facilities, the District will not connect and may disconnect the line extension or associated services until full payment or suitable arrangements have been made.

6. TYPE OF CONSTRUCTION

Overhead or underground construction may be installed. The District shall determine the most suitable type of construction. Generally, all extensions in subdivisions or platted areas shall be underground as required by city and county ordinance.

7. CONDITIONS FOR CONSTRUCTION

- A. Prior to construction, payment for facilities must be made as outlined in Section 5.
- B. Prior to the commencement of any work or construction, all easements and/or permits for the facilities must be executed and on file with the District.
- C. As the District will be the sole owner of all line extension facilities and desires to provide for the future reliability, operation and maintenance of said facilities, the following conditions will apply should the Service Provider desire to install the underground conduit for the fiber facilities.
 1. The construction will be completely on private property or right-of-way not under the jurisdiction of a government agency or on State, County or City right-of-way, or on Federal lands by permits from a government agency.

2. All conduits, sweeps and the installation thereof, must meet District specifications as outlined in the District's Construction Standards and must follow the design prepared by the District's Customer Service Engineer.
3. The District will provide an onsite inspector for the purpose of verifying that the conduits, sweeps and vaults are installed according to the District's specifications. The actual cost for the inspector incurred will be the responsibility of the Service Provider.
4. The presence of the onsite inspector does not constitute as assurance that the District accepts the work as satisfactory. Therefore, the costs for repair or modification of the conduit installed by the Service Provider incurred during the cable installation by the District will be borne by the Service Provider.
5. Any and all costs associated with obtaining easements and/or permits or ongoing permit fees will be borne by the Service Provider. The payment of ongoing easement or permit fees may require a recorded agreement, such as a Participation Contract, on all properties connected to the line extension. As an example, if a line extension crosses Forest Service land, DNR land or railroad property, all properties connected to the line extension will share in the annual costs of the easement or permit.
6. All other matters connected with providing service shall be in compliance with the District's Telecommunications Service Regulations, Telecommunications Service Requirements, and agreements between the Service Providers and the District.

8. SERVICE PROVIDER'S RESPONSIBILITIES

- A. All fees will be paid or arrangements made for payment before construction begins.
- B. Work completed by the Service Provider and not inspected by the District is subject to being exposed, and repaired, if necessary, to meet District standards at the Service Provider's expense.
- C. The Service Provider shall pay all applicable permit or easement fees for as long as these fees are required by the grantor.
- D. The Service Provider will be responsible for all costs incurred to obtain easements or permits.
- E. The Service Provider shall provide all necessary easements or permits across land owned by it or others at no cost to the District.
- F. The Service Provider shall supply to the District all pertinent ownership, utility dedication and signing party information relevant to the necessary easements and permits.
- G. If the Service Provider provides the trenching, vault installation and backfilling, the Service Provider will be responsible for maintenance and repair of the trench and vault settling for one (1) year after completion of the project.

- H. If underground facilities are installed, the Service Provider shall provide the service trench, conduit (2 inch orange) for fiber, warning tape and backfill for all underground services. The District will connect the service once the facilities are approved by the inspector.

9. DISTRICT RESPONSIBILITIES

- A. When an extension of the District's facilities is to be installed on State, County or City right-of-way, Federal Lands or by permits from a governmental agency, the District shall physically construct such facilities.
- B. When an extension of District facilities is to be installed on lands owned by a governmental agency such as Federal, State, County or City right-of-way, the District will attempt to secure the appropriate easements and/or permits from that agency. When an extension of District facilities is to be constructed on property or right-of-way not under the jurisdiction of a governmental agency, the District will attempt to secure necessary easements and will initially process the easements. The Service Provider shall be responsible for all costs to obtain right-of-way easements prior to construction. All easements and permits shall name the District as grantee or permittee and shall include all facilities. In the event the District personnel are unable to secure right-of-way easements and/or permits, the Service Provider may assist with negotiating said easements or permits. All costs associated with such negotiations shall be the responsibility of the Service Provider. The District is under no obligation to commence any legal action on behalf of the Service Provider to secure the right-of-way or other easement.

10. DISTRICT OWNERSHIP

The District will be the sole owner of all the line extension facilities upon completion and acceptance by the District.

11. IN-FIELD ESTIMATES

In-field estimates will be offered to Service Providers for construction of short plats of 4 lots or less. Office research and consultation is required for larger line extensions. The District employees have limitations placed on their ability to provide commitments on line extensions. Estimated costs for in-field estimates will be paid prior to construction.

12. RE-ENGINEERING FEE

If a Service Provider desires to change the scope of the job after the engineer has made the initial field visit and begun project design, the Service Provider may be assessed a re-engineering fee. The redesign fee will be 60% of the original engineering portion of the estimated cost. The Service Provider, prior to the engineer's re-estimating or re-designing the project, must pay this fee.

EFFECTIVE: **JUNE 9, 2003**

FACILITY MODIFICATION POLICY

1. FACILITY MODIFICATION POLICY AND GENERAL PROVISIONS

This Facility Modification Policy applies to requests from public agencies and property owners to make modifications and relocations to Electric Service Facilities, Water and Wastewater Facilities, and Telecommunications Infrastructure, and the under-grounding of Electric Service Facilities not associated with adding new load or demand. These requests may be in conjunction with state highway, county road or city street improvement projects or as part of an improvement requested by property owners. This policy also establishes the process to be followed when the District considers converting overhead Electric Service Facilities to underground and provides for the payment of costs associated with that Work.

All facilities installed or changed pursuant to this policy are subject to the National Electrical Code standards, other applicable standards, District Design and Construction Standards, as well as the determination by the District, in its sole discretion, as to the suitability of Electric Service Facilities being placed underground.

This policy also may be subject to the franchising authority of municipalities for public rights-of-way in which the District operates. Individual franchises and/or other agreements will be reviewed in conjunction with this policy. In the event of conflict, the municipality's franchise or other agreement, as may be amended, will control.

The District reserves the right to initiate and determine if relocations or modifications of its facilities, or conversion from overhead to underground of its Electric Service Facilities is in the District's best interests and is cost-effective. If the District deems the Work to be feasible, the construction schedule will be based on the availability of District labor resources.

2. DEFINITIONS

The following terms wherever used in the District's Facility Modification Policy and in any Application for Facility Modification shall have the following meanings and will be supplemented by the definitions in the District's Utility Service Regulations and the District's Design and Construction Standards:

Applicant

The person, partnership, firm, or corporation having filed an Application with the District for a Facility Modification. The term shall also include the Applicant's agents, employees, contractors, and subcontractors. For purposes of notice, the Applicant address shall be the one shown in the Application. Applicant may also be referenced as "customer" or "requesting party" in this Policy.

Application

The Application for permission for a Facility Modification executed by the Applicant to this Facility Modification Policy and the District's Utility Service Regulations. The Application must be completed to the District's satisfaction prior to review or other action by the District.

Contract Plans or Plans

All drawings or Plans and reproductions of drawings prepared by a Washington State Registered Professional Engineer made pertaining to the Work provided for in the Application or to any structure connected therewith.

Construction Standards

District construction requirements which shall be followed during construction of Facilities Modification. Construction Standards are available at the offices of the District.

Customer Service Staff

The District staff acting as the District's authorized contact for the Applicant in the Facilities Modification process.

Design Standards

District design requirements which shall be followed during the preparation of the plans and specifications for the Facility Modification. Design Standards are available at the offices of the District.

District

Public Utility District No. 1 of Chelan County, Washington

District Contractor

Any person, firm, or corporation hired by the District to perform Work on behalf of the District such as, excavation, asphalt and concrete repair, electrical installations, landscaping, or other related Work.

District Service Facilities

The District's Electric Facilities, Water and Wastewater Facilities and Telecommunications Infrastructure.

Electric Service Facilities

Electric Service Facilities for the purpose of this Policy include only those electric facilities with a voltage of less than 34 kV and Telecommunication Infrastructure owned, operated and maintained by the District.

Electric Undergrounding

Electric Undergrounding shall be defined as set forth in the District's Utility Service Regulations. Foundations or supports for overhead facilities and pad-mounted termination cabinets, transformers, switches and metering equipment will not be subject to undergrounding. Any Electric Service Facilities of 34kV or larger will not be considered for undergrounding.

Estimate

The statement, performed by the District, of the approximate costs of a Facility Modification, including labor, Materials, tools, transportation, services, administration, engineering, inspections, permitting, easements and other related costs.

Facility Modification

For the purposes of this policy, Facility Modifications include any modifications or relocations of District Service Facilities including altering the depth, height or physical location of any overhead or underground District Service Facilities not associated with adding new load or demand.

Fees and Charges

Fees and Charges based on recovering costs by the District as set forth in the [District's Fees and Charges](#) schedule and revised as needed.

Final Acceptance

District's acceptance of the ownership of the Facility Modification installed pursuant to this Facility Modification Policy following the Applicant's completion of all requirements of this Facility Modification Policy to the District's satisfaction as determined by the District in its sole discretion.

Materials

The machinery, manufactured articles, materials of construction (fabricated or otherwise), and any other classes of material to be furnished and permanently incorporated into the Work.

Telecommunications Infrastructure

District-owned telecommunications facilities, including but not limited to cable, wires, Premises Gateway Devices, which are part of and serve the District's Electric Service Facilities and which are located on the Customer's Premises for use by the District and/or the Customer, irrespective of whether the Customer utilizes Third-Party Service Providers.

Water and Wastewater Facilities

Water Facilities include those owned, operated and maintained by the District for the distribution of potable water. Wastewater Facilities include those owned,

operated and maintained by the District in the collection and treatment of wastewater.

Work

The Work necessary to complete the Facility Modification including all Materials, labor, tools, equipment, construction equipment, where required and other necessities for the construction shown and called for in the Contract Plans or Specifications.

3. APPLICATION

A. Application Form

Application for Facility Modification shall be made by the Applicant or their authorized agent on the District's Facility Modification or Service Application form as deemed appropriate by the District. Each Application shall be submitted to the District for approval with the payment for the Engineering Fee. The Application must be completed to the District's satisfaction prior to review or other action by the District. Upon approval, the Applicant may proceed with the Facility Modification in accordance with the District's requirements.

B. Site Plan for Application

Each Application shall be accompanied by a site plan, drawn to scale, illustrating the affected properties, and the proposal necessitating the Facility Modification. The District will review the proposal and changes required to District Service Facilities. A site plan deemed incomplete by the District will not be accepted.

C. Ownership of Land

Applicant must also provide satisfactory proof of ownership or right to use land impacted by any Facility Modification prior to the District taking any action.

4. ENGINEERING FEES

- A. Applicants requesting a Facility Modification will be required to pay in advance a non-refundable Engineering Fee upon submittal of the Application. This Engineering Fee is specified in the District's Fees and Charges schedule.
- B. The Applicant's Engineering Fee will be applied to the overall cost of the job.
- C. Applicants who seek a material change in the design after the initial engineering Estimate and design is complete will be required to pay an additional Engineering Fee.
- D. The Customer will be required to retain and pay for professional services where the project design requires additional or specialized services including, but not limited to, advanced civil engineering, surveying, geotechnical, environmental or other professional services.

5. MODIFICATIONS AND RELOCATIONS OF EXISTING DISTRICT SERVICE FACILITIES

Except as may be required in an applicable franchise, all estimated costs associated with Facility Modifications will be the responsibility of the Applicant and shall be paid prior to any Work being performed. District Customer Service Staff will provide an Estimate to the Applicant for any Work to be performed by the District. The amount of the Estimate shall be paid to the District prior to construction.

Any Facility Modifications of District Service Facilities will be subject to the Applicant providing the District the appropriate permits, easements or rights-of-way as defined in Section 8 of this Policy as deemed satisfactory by the District.

Construction options for Facility Modifications shall be in accordance with Section 7 of this Policy.

The Estimate for the Facility Modification must be paid by the Applicant prior to the District scheduling construction crews and proceeding with any Work. An Estimate provided to the requesting party is void after 60 days from the date of issue if full payment has not been received by Applicant.

6. UNDERGROUND CONVERSION OF ELECTRIC SERVICE FACILITIES AND TELECOMMUNICATIONS INFRASTRUCTURE

A. Evaluation of Request and Cost Allocation

Depending on the type of undergrounding project and the nature of the request made, costs will be allocated as follows:

1. If relocation or rebuilding of overhead Electric Service Facilities is required under a franchise agreement and a party requests the overhead line be put underground, the District will perform an Estimate for overhead and underground construction. If the underground costs exceed overhead construction costs, then the Electric Service Facilities will be installed overhead at the District's expense. If the District receives full payment of the difference in costs between overhead and underground construction from municipality, grants, or other financing arranged by the property owners benefiting from undergrounding of the Electric Service Facilities and Telecommunications Infrastructure, then those District Service Facilities will be installed underground. Such Estimate must be paid in full in advance to the District. All other costs and coordination associated with converting other public and private utilities that are not owned and operated by the District, but are located on the District's poles, such as cable TV and telephone, shall be the sole responsibility of the Applicant.
2. If the District is requested to convert or construct underground Electric Service Facilities for aesthetic reasons or land improvements and the undergrounding Work is not required under franchise or other agreements, the property owner shall be responsible for 100 percent of

3. The Estimate for undergrounding will be paid in advance to the District by the requesting party prior to construction. The payment will be the amount provided in an Estimate provided by the District.

B. Underground Conversion Procedures

1. Upon receipt of a request to consider undergrounding Electric Service Facilities, District Customer Service Staff will prepare a preliminary estimate comparing overhead and underground construction costs. If the District determines undergrounding to be feasible and in the District's best interest, the District will provide an Estimate for placing overhead Electric Service Facilities underground. All Estimates are void after sixty (60) calendar days unless full payment is received by the District.
2. After preparing the Estimate, the District will provide notice to the governmental agencies, municipalities, and/or private property owners affected by the proposed underground Electric Service Facility conversion requested. The notice will provide the estimated project costs and seek affirmative written response from authorized representatives and/or owners to determine if they are willing to participate in funding the cost difference to underground. The District will require proof satisfactory to the District that the named representative has authority to bind all affected land owners before proceeding. A single point of contact authorized to provide information to and receive information from the District shall be named by requesting parties on specific conversion requests and in the affirmative responses to District notices. All correspondence from the District on the request will be to and from the single point of contact.
3. Payment made to the District for construction shall include all estimated costs of the project as determined by the District including but not limited to; engineering, permitting, right of way acquisition, subcontracting, materials, labor, tools, equipment, coordination costs, the costs of the District's inspector and other related costs. The full amount of the Estimate must be paid in advance.

7. CONSTRUCTION OPTIONS

A. Work within Rights-of-Way or off the Requesting Party's Property

All Facility Modification Work for Electric Service Facilities and Telecommunication Infrastructure on public right-of-way or Work not located on the requesting party's property must be completed by the District or the District's contractor.

All Water and Wastewater Facilities Work shall be performed by the District or the District's contractor.

B. Work on Requesting Party's Property

All Water and Wastewater Facilities Work shall be performed by the District or the District's contractor.

Facility Modification Work on the requesting party's property may be performed by the District if requested by the property owners as set forth herein. The requesting party may perform the Work or contract with another qualified entity to perform the Work described in and subject to the conditions set forth in Sections C and D below. All Work must be performed in accordance with the pertinent city, county, and state codes and construction standards and the District's Design and Construction Standards. All Work performed by the requesting party is subject to on-site inspection by a District representative and the costs of inspection shall be paid by the requesting party as part of the estimated construction costs.

C. Compliance with Construction Standards

All Facility Modification Work must be completed in accordance with the District's Construction and Design Standards. Work performed by the requesting party is subject to the following minimum requirements including but not limited to:

- Compliance with all municipal, city, county, and state ordinances.
- Compliance with all municipal, city, county, and state franchise requirements.
- Compliance with National Electrical Safety Code (NESC).
- Compliance with National Electric Code (NEC).
- Compliance with all pertinent Washington State Codes (WAC 296-46B).
- Compliance with Chelan County PUD Construction & Design Standards.
- Compliance with Chelan County PUD Inspection Requirements.
- Compliance with Chelan County PUD Material Standards.
- Compliance with Washington State Department of Labor & Industries inspection.
- One (1) year warranty of all Work performed by requesting party or agent.
- Acceptance testing performed by a District Customer Service Staff.
- Design & As-Built Approved Drawings & Specifications stamped by a Washington State Professional licensed engineer or approved by the District.

D. Work That May Be Completed By Requesting Party

The following options and conditions apply to Work that may be completed by the requesting party on their own property:

1. Except as provided herein, the requesting party has the option to provide (a) the trench only, or (b) the trench and back filling of the trench, installation of the conduit (electrical and fiber), warning tape, vaults, bases and hand-holes on his or her own property. All Work must comply with the provisions of this Policy. A licensed electrical contractor must install the grounding for the vaults. If the customer chooses to perform the Work, they must do all the Work as outlined in this policy. All Work must be inspected by a District inspector prior to backfilling.
2. Vaults, bases and hand-holes shall be purchased from the District and installed by the requesting party per District Construction and Design Standards to ensure compatibility and uniformity with the District's Electric Service Facilities. Grounds must be installed by a licensed electrical contractor.
3. The District will provide an on-site inspector at times during construction and before the trench is backfilled to determine if the conduits, sweeps, vaults and bases, and grounding installed by a licensed electrical contractor are installed according to the District's Design and Construction Standards. The Applicant must provide advance notice to the District prior to when an inspector will be required. The District will schedule an inspector as District resources become available.
4. The District will provide and install all transformers, primary wire, connectors, cabinets and other electrical apparatus as needed. The items will be included in the Estimate to be paid by the Applicant.
5. The presence of the District inspector does not constitute assurance that the District accepts the Work as satisfactory. All costs of repair or modification of facilities installed by the requesting party will be the responsibility of the requesting party.
6. All District owned facilities installed by the requesting party shall be warranted for one (1) year following Final Acceptance by the District. Any repairs associated with failed equipment, materials, or supporting structures within one year after Final Acceptance by the District shall be the responsibility of the requesting party or requesting party's agent.
7. The customer or contractor shall notify the District in advance to request an inspection for Final Acceptance. The District will schedule an inspector as District resources become available.

8. EASEMENT AND PERMITS

All Facility Modifications are subject to acquisition by the requesting party of the necessary easements and rights-of-way, as determined satisfactory by the District, in order to construct, operate and maintain the District Service Facilities. All easements and permits must be final and executed prior to the commencement of any Work or construction. Private or public parties are required to obtain all easements on forms approved by the District from all other affected landowners. Those easements will name the District as the easement holder and those easements will be recorded by the requesting party. The District must approve all easements prior to recording and prior to accepting any District Service Facilities. For undergrounding or relocation of facilities not required by a franchise agreement, all costs associated with obtaining easements and/or permits or ongoing permit fees will be paid by the requesting party, including any ongoing permit or easement fees. All non-standard or non-typical costs as determined by the District associated with the District's obtaining easements or permits in excess of these included in the Estimate will be paid by the customer.

The requesting party shall supply to the District all pertinent ownership utility dedication and signing party information relevant to the necessary easements and permits.

Under no circumstances shall the District be under any obligation to commence legal action to secure a right-of-way or easement to accommodate a request for relocation, modification or undergrounding of facilities.

The customer shall pay all ongoing permit or easement fees. The payment of ongoing permit fees may require a recorded agreement, such as a participation contract, affecting all properties.

9. DISTRICT OWNERSHIP

The District will be the sole owner of all District Service Facilities upon Final Acceptance by the District.

10. REVISION

This policy cancels and supersedes any previous policy related to Facility Modification. This policy may be revised, supplemented or otherwise modified by action of the District's Board of Commissioners.

EFFECTIVE: **SEPTEMBER 1, 2008**

POLICY FOR SNAP (SUSTAINABLE NATURAL ALTERNATIVE POWER) GENERATION WITHIN CHELAN COUNTY PUD’S SERVICE TERRITORY

1. OVERVIEW

The District, pursuant to RCW 19.29A, is required to offer the District’s retail customers a voluntary option to purchase qualified alternative energy resources. These resources may be owned or purchased by the District.

Qualified resources as defined in RCW 19.29A, include facilities fueled by wind, solar energy, geothermal energy, landfill gas, wave or tidal action, gas produced by the treatment of wastewater, qualified hydropower, or biomass energy based on solid organic fuels from wood, forest, or field residues or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol or copper-chrome-arsenic.

The District desires to purchase qualified resources from local producers. To encourage installation of these resources in Chelan County, the District has established a program that allows Chelan County residents to receive a proportionate share of ratepayers’ voluntary contributions to the District’s alternative energy program and, depending on how the system is metered, receive either a payment from the District based on the wholesale price of energy or a credit on their electric bills pursuant to the Net Metering Policy. This program is called SNAP (Sustainable, Natural Alternative Power). This program includes customers who purchase the qualified resources (called Purchasers) and customers who produce the qualified resources (called Producers). This Policy pertains to the Producers.

Under this policy, the District will interconnect to the District’s distribution system customer-owned, qualified resource generation with a capacity of 25 KW or less, herein referred to as SNAP generation. The District will purchase the output from SNAP generation.

All costs associated with interconnecting SNAP generation shall be the responsibility of the Producer, unless exempted under this policy or related agreements.

2. STEPS

The steps required for an interconnecting SNAP generation are as follows:

- A. Customer contacts District to determine if the proposed renewable energy system will meet the District’s Interconnection Standards.
- B. Producer must submit to the District’s Energy Services department a completed Application for Interconnection of SNAP Generation and pay the application fee to District.

- C. The District's engineers will evaluate the proposed interconnection and determine requirements according to the applicable engineering criteria as detailed below.
- D. The Producer must comply with the District engineer's findings.
- E. The District will present a Power Purchase and Interconnection Agreement for SNAP Generation to be executed between the District and the Producer.
- F. Producer obtains electrical permit from local code authority.
- G. Producer (or electrical contractor) installs system. Note that equipment and labor costs to install solar power systems may be exempt from Washington state sales tax.
- H. Producer must install District specified labels on electrical disconnects and meter base.
- I. Producer must obtain final electrical inspection approval from code authority.
- J. Notify District service department of completion.
- K. District inspects system and installs production meter.

The applicable engineering criteria prescribe the technical interconnection, protection, and metering requirements for any SNAP generation as adopted by District Engineering Services. The requirements are set forth in the District's ***Interconnection Requirements for SNAP and Net Metering Generation***.

3. CHELAN COUNTY PUD POWER PURCHASING SERVICES FOR SNAP GENERATION

This option is available for any SNAP generation interconnected with the District's electric system according to the District's Interconnection Requirements for SNAP Generation.

The total generation authorized to be purchased by the District under SNAP and the net metering program combined shall not exceed 5 MW.

A. Concept

Generation output will be absorbed by the District.

Annually, the District will pay the Producer for generation received according to the payment methods provided below in Section 4. The payment is comprised of two components: 1) either a kWh credit resulting from net metering, or a percentage of the corresponding average of the daily Dow Jones Mid-Columbia Firm Index for Light Load Hour (LLH) or mutually accepted subsequent index for the corresponding metering periods, and 2) a portion of the fund comprised of customer purchases of SNAP generation.

SNAP purchases from District customers will be added to a SNAP fund. This fund will be used to pay Producers for their SNAP generation. The SNAP

fund will be closed on March 31 of each year and the level of funds as of this date will determine the amount of SNAP funding available for distribution to Producers for the calendar year ending that date.

SNAP fund payments will not exceed \$1.50/kWh. Any SNAP funds in excess of this level will be held over to the following year and added to the SNAP fund for the next calendar year. This payment method is dependent on the voluntary purchases of other District customers. If there is no money in this fund the Producers will receive no payment from this fund and the District shall not be required to make this payment from any other fund.

The District will charge a monthly meter fee based on Producer type (Solar Producer, Wind Producer, or Other Alternative Power Producer). This fee is subject to change by the Chelan County PUD Board of Commissioners. The fee is for reading the meter, issuing a statement of energy received by the District and for record keeping and related accounting associated with administration of the program. The fee will also include other fixed costs associated with connecting the Producer to the District's distribution system (i.e. a dual meter base adapter).

The fee is based on monthly costs, and will be noted on the monthly statement sent to the Producer. The Producer though is not obligated to pay this fee at the time the statement is issued. The Producer's annual meter fee will be deducted from the annual payment made to the Producer. If the Producer has not generated adequate revenue by December 31st of each year to cover this obligation, the Producer will be sent an invoice by January 31st of each year indicating the amount due to the District. This amount due is subject to payment terms as provided in the District's Utility Service Regulations, Section 10. Producers that fail to meet this payment obligation will be disconnected and not allowed to participate as a SNAP Producer.

The District will charge an Account Service Charge for establishing the Producers SNAP account. The amount of the charge will be in accordance with District Utility Service Regulations but is not subject to the exceptions noted in the Utility Service Regulations (Section 13, subsection A, paragraph 1).

All Producers will pay an additional \$100.00 connection fee, which is due prior to connecting to the distribution system.

Producers will be responsible for all costs associated with a line extension or additional secondary wire, required to connect their SNAP generation to the distribution system.

B. Producer Operational Responsibilities

The Producer shall:

Provide to the District the names and telephone numbers of individuals who may be contacted on operational and emergency matters for each specific generating project.

Be responsible for all maintenance of Producer-owned generation equipment and must ensure that the operation of this equipment does not create any disturbances on the District's distribution system.

Notify and receive approval by the District prior to increasing generation capacity.

Not interconnect any non-qualified power generating equipment to the Producer's side of the meter used to measure SNAP generation or to the District's distribution system.

C. District's Operational Responsibilities

The District shall:

Provide the Producer names and telephone numbers of District individuals who may be contacted on operational and emergency matters respecting the generating project.

Provide to the Producer a specific project number, which shall be used exclusively in communications respecting the generation from that project.

If practical, provide reasonable advanced notice to the Producer of planned outages that will affect the Producer.

Read the utility meter monthly provided reasonable access and send the Producer a statement indicating the amount of power received by the District.

Annually in April of each year, make wholesale power payments to Producer, through October 1, 2012.

Collect SNAP purchases from retail customers and annually in April of each year distribute SNAP purchases to Producers through October 1, 2012.

D. Payment Methodology for Received Generation

Producers that are not net-metered will receive payments from two sources for the power they generated. One source is directly from the District and is based on the wholesale price of power as described below. The other funding source is from the SNAP fund comprised of Chelan County PUD retail customer purchases of SNAP generation as described in Section 3 above.

Producers that are net-metered will receive a kWh credit for their production according to District's Net Metering Policy and receive a payment from the SNAP fund comprised of District retail customer purchases of SNAP generation as described in Section 3 above.

Producers will receive a payment from the SNAP fund in proportion to their percentage of the total SNAP generation (in kilowatt-hours) delivered to the District. For example, a Producer that delivers ten percent of the total SNAP generation is entitled to ten percent of the SNAP funds. Payments from the SNAP fund are limited to \$1.50 per kWh. This source of funds is dependent on voluntary purchases by District customers. The District makes no guarantee on funding available from this source.

Payments to the Producers from both sources will be once a year, on or before April 21. Both payment methodologies are discussed below in Sections 5 and 6.

E. Wholesale Power Payments

This methodology provides for a payment for energy received from Producer generation. The energy received by the District will be purchased from the Producers at 75 percent of the corresponding average of the daily DowJones Mid-Columbia Firm Index for Light Load Hour (LLH) or mutually accepted subsequent index, for the corresponding metering period. (The sales price for monthly sales will be 75 percent of the DowJones Mid-Columbia Off Peak index for the respective hours, covered by the indices for Monday through Saturday, and the Sunday and NERC Holiday Index for all hours on Sundays and NERC holidays.

1. Factors for wholesale power payment methodology:

$\$_{LLHm}$ – Average of daily DowJones Mid-Columbia Firm Index for Light Load Hour (LLH) for a given metering period, not to exceed \$250 per MWh

$LLHp$ – Percentage of monthly average of daily DowJones Mid-Columbia Firm Index for Light Load Hour (LLH) to be paid to Producers (currently 75%)

G_m – Individual Producer generation for a given metering period (kWh)

2. Payment Calculation:

$$\text{District Energy Payment} = \sum (\$_{LLHm} \times LLHp \times G_m) / 1000$$

F. SNAP Payments

The District solicits voluntary purchases from its customers to purchase power from SNAP generation. The District passes 100 percent of these purchases to the participating Producers, based on the following methodology:

1. Factors for SNAP payment methodology:

i) $\sum G_m$ – Total Annual Producer generation per generator (kWh)

ii) $\sum G_a$ – Total Annual Producer generation for All Producers (kWh)

iii) $SNAP_p$ - Total balance in the SNAP fund (\$) (Annual SNAP purchases plus any carryover from the previous year)

2. Payment Calculation:

$$\text{SNAP Energy Payment} = (SNAP_p \times \sum G_m) / \sum G_a \text{ not to exceed } \$1.50/\text{kWh}$$

3. SNAP payments are limited to \$1.50 per kWh and to the availability of SNAP funds. If the \$1.50 per kWh price cap results in money remaining in the SNAP fund after payments are made to the producers, this money will be rolled back into the fund and used for payments in the

following year. If there is no money in the fund, then no SNAP fund payments will be made.

G. Meter Fees

The monthly meter fee is for reading the meter, issuing a statement of energy received by the District and for record keeping and related accounting associated with administration of the program. The fee also includes other fixed costs associated with connecting the Producer to the District's distribution system. Although this fee will appear on the monthly statement, the Producer is not required to pay the fee at the time statement is issued. The monthly fees will be deducted from the annual payment made to the Producer.

If the Producer has not generated adequate revenue by December 31 of each year to cover this obligation, the Producer will be sent an invoice by January 31 of each year indicating the amount due to the District. This amount due is subject to payment terms as provided in the District's [Utility Service Regulations, Section 10](#). Producers who fail to meet this payment obligation will have the SNAP meter disconnected and will not be allowed to participate as SNAP Producers until the account is current.

1. Factors for monthly meter fees
 - i) $\sum M - \sum$ Monthly meter fees

Total Annual Payment to Producer equals the sum of the Wholesale Power Payment and the SNAP Payment less the Meter Fees

4. TESTING AND INSPECTIONS

The District will require that each system be tested and inspected for safety requirements as included in the District's ***Interconnection Standards for Customer-Owned Generating Facilities 25 kW or Less***. The cost of these tests is included in the connection fee.

Further tests may be required on individual systems. The Producer will be responsible for the costs of testing inverters and power generating equipment that does not meet UL 1741. The Producer must allow the District the necessary access to perform the test.

5. TRANSFERRING TO THE DISTRICT'S NET METERING PROGRAM

The District will transfer Producers to the District's Net Metering Program within 30 days after receiving a written request from the Producer. The final reading will be used to calculate the Producer's annual payment as described in Section 3.

Producers will be responsible for all costs associated with changes to their facilities that will allow participation in the Net Metering Program. To transfer back to the SNAP program, the Producer will be required to pay the applicable service connection fees and the Account Service charge as described in Section 3.

6. EQUIPMENT AND INTERCONNECTION REQUIREMENTS

The Producer must install all equipment necessary to meet applicable safety, power quality, and interconnection requirements established by the National Electrical Code, National Electrical Safety Code, the Institute of Electrical and Electronics Engineers (IEEE), and Underwriters Laboratories (UL) and the District's [Utility Service Regulations](#). This includes but is not limited IEEE 929 and UL 1741.

7. INSURANCE REQUIREMENTS

Producers with SNAP generation will not be required to carry liability insurance with the District as a named insured if their system and equipment meets the requirements provided in Section 6.

8. DAMAGE TO DISTRICT FACILITIES

If Producer's generating facilities cause damage to the District's electric system and/or facilities, Producer shall be responsible for all costs associated with the repair and/or replacement of such facilities or equipment. If Producer's facilities in any way cause a loss or damage to the District's other customer, retail or wholesale, Producer shall be responsible for such damages, claims and losses.

If Producer's generating facilities cause damage to or interfere with District or its customer's facilities, the District will disconnect the Producer's facilities from the District's system until the cause of the damage or interference is remedied.

9. DISTRICT UTILITY SERVICE REGULATIONS

Service under policy is subject to the rules and regulations as defined in the District's [Utility Service Regulations](#).

10. DISCONNECTION OF PRODUCER'S GENERATION

If at the District's sole discretion the Producer is found to be in violation of any part of this policy, the District will disconnect the Producer's generation by locking out the disconnect switch until the violation is corrected. If the District has reason to believe the Producer has connected non-qualified generation, the District will disconnect the Producer's generation by locking out the disconnect switch until the District is satisfied that there is no non-qualified generation connected to the District's system.

If at the District's sole discretion it is determined that the Producer has connected non-qualified generation to the SNAP generation system and is delivering power to the District through the SNAP meter, the District will remove the SNAP meter and the Producer will no longer be eligible to participate in the SNAP program.

11. SNAP GENERATION FEES

A. AVAILABILITY:

These fees apply to Customer/Producers within the District's service territory that connect approved sustainable, natural alternative power (SNAP) generation resources to the District's distribution system. Qualifying resources include wind, solar, geothermal, qualified hydro, biomass and any other District approved generation.

B. CHARACTER OF SERVICE:

Service to be furnished under this Policy is subject to the Policy for Renewable Energy Cost Recovery within Chelan County PUD's Service Territory, Interconnection Requirements for SNAP and Net Metering Generation and execution of a Power Purchase and Interconnection Agreement For SNAP Generation.

C. METERING:

Metering of energy delivered to the District is through a separate meter supplied by the District.

Meter Fee: \$3.85 per month per meter

D. TAX ADJUSTMENT:

The amount of tax levied by any city or town in accordance with R.C.W. 54.28.070, of the Laws of the State of Washington, will be added to the above charges if applicable.

Effective: **JANUARY 1, 2008**

POLICY FOR PROVIDING INCENTIVES TO SUPPORT RENEWABLE ENERGY UNDER RCW 82.16.110 ET. SEQ.

1. DEFINITIONS

The District hereby adopts those definitions set forth in RCW 82.16.110 as now exist or as may be hereafter amended, and other applicable definitions, which when applied to the District currently read as follows:

Customer-generated electricity

The alternating current electricity that is generated from a renewable energy system located on the real property of an individual, business, or local government agency that is also provided electricity generated by the District. A system located on a leasehold interest does not qualify under this definition. "Customer-generated electricity" does not include electricity generated by the District or a gas distribution business.

Economic development kilowatt-hour

The actual kilowatt-hour measurement of customer-generated electricity multiplied by the appropriate economic development factor.

Photovoltaic cell

A device that converts light directly into electricity without moving parts.

Producers

Customers who produce the qualified resources from a renewable energy system.

Purchasers

Customers who purchase the qualified resources from a renewable energy system.

Renewable energy system

A solar energy system, an anaerobic digester as defined in RCW 82.08.900, or a wind generator used for producing electricity.

Solar energy system

Any device or combination of devices or elements that rely upon direct sunlight as an energy source for use in the generation of electricity.

Solar inverter

The device used to convert direct current to alternating current in a photovoltaic cell system.

Solar module

The smallest nondivisible self-contained physical structure housing interconnected photovoltaic cells and providing a single direct current electrical output.

Standards for interconnection to the electric distribution system

Technical, engineering, operational, safety, and procedural requirements for interconnection to the electric distribution system of the District.

2. OVERVIEW

The District, pursuant to RCW 82.16.110 through RCW 82.16.140 approved by the Washington State Legislature effective July 1, 2005, is authorized to offer the District's customers incentives for installing renewable energy generation. As established by the Legislature, any individual, business, or local governmental entity not in the light and power or gas distribution business may apply to the District, each fiscal year beginning on July 1, 2005, for an investment cost recovery incentive for each kilowatt-hour from a customer-generated electricity renewable energy system installed on its property that is interconnected to the electric distribution system.

These incentives for installing renewable energy generation are available to certain customers who are participating producers under the District's Sustainable Natural Alternative Power (SNAP) program as well as to those who are not participating producers under that program.

The legislature found and the District concurs, that "The use of renewable energy resources generated from local sources such as solar and wind power benefit our state by reducing the load on the state's electric energy grid, by providing nonpolluting sources of electricity generation, and by the creation of jobs for local industries that develop and sell renewable energy products and technologies. The legislature finds that Washington State has become a national and international leader in the technologies related to the solar electric markets. The state can support these industries by providing incentives for the purchase of locally made renewable energy products. Locally made renewable technologies benefit and protect the state's environment. The legislature also finds that the state's economy can be enhanced through the creation of incentives to develop additional renewable energy industries in the state. The legislature intends to provide incentives for the greater use of locally created renewable energy technologies, support and retain existing local industries, and create new opportunities for renewable energy industries to develop in Washington State."

3. STEPS

In addition to those steps set forth in the SNAP Policy, Section 2, 1 through 11 adopted herein by this reference as if fully set forth, the following is a general description of the steps involved in receiving the renewable energy cost recovery incentive from the District. Detailed rules governing the payment of the renewable energy system cost recovery incentive are provided in Washington's Administrative Code (WAC 458-20-273) which are adopted by this reference, as now exist or as may be hereafter amended.

- A. Producer submits Renewable Energy System Cost Recovery Certification Form to the state of Washington Department of Revenue (DOR). Within 30 days of receipt of the certification the Department of Revenue will advise the applicant in writing whether the renewable energy system qualifies for an incentive. The business may consult with the Climate and Rural Energy Development Center to determine eligibility for the incentive payment.

Incentive certifications and the information contained therein are subject to disclosure under RCW 82.32.330(3)(m)

- B. Producer operates system.
- C. Customer submits DOR Renewable Energy System Cost Recovery Annual Incentive Payment Application to District before August 1 of each year. Within 60 days of receipt of the incentive certification the District shall notify the applicant in writing whether the incentive payment will be authorized or denied.
- D. District sends Producer state production incentive payment after August 1 of each year. No incentive may be paid for kilowatt-hours generated before July 1, 2005, or after June 30, 2020.

Persons receiving incentive payments shall keep and preserve, for a period of five years, suitable records as may be necessary to determine the amount of incentive applied for and received. Such records shall be open for examination at any time upon notice by the District or by the Department of Revenue. If upon examination of any records or from other information obtained by the business or department it appears that an incentive has been paid in an amount that exceeds the correct amount of incentive payable, the District may charge the person for the amount found to have been paid in excess of the correct amount of incentive payable and shall add there to interest on the amount. Interest shall be assessed in the manner that the department assesses interest upon delinquent tax under RCW 82.32.050.

If it appears that the amount of incentive paid is less than the correct amount of incentive payable, the District may authorize additional payment.

The Customer's incentive payment is calculated using a formula summarized in the chart below. First the incentive payment may be paid at 15 cents per "economic development kilowatt-hour." An economic development kilowatt-hour is the actual kilowatt-hour measurement of the Customer-generated electricity multiplied by the appropriate economic development factor. The economic development factors for renewable energy system are:

- A. Two and four tenths (2.4) for systems that generates electricity using only solar modules manufactured in Washington;
- B. One and two tenths (1.2) for a solar or wind system that uses an inverter manufactured in Washington;
- C. One and zero tenths (1.0) for a wind system that uses only blades manufactured in Washington, or a system that uses anaerobic digester gas, or a solar system that is not covered under (a) or (b) above; and
- D. Eight tenths (0.8) if the system is a wind generator with blades not manufactured in Washington.

SNAP – Incentives Policy

Annual Investment Cost Recovery Incentive Payment Calculation Table

Customer-generated power Applicable rates	Base rate (0.15) multiplied by applicable factor equals incentive payment rate	Kilowatt-hours generated	Incentive payment amount equals incentive payment rate multiplied by kilowatt-hours generated
Solar modules manufactured in Washington state Factor: 2.4 (two and four-tenths)	\$0.36		
Solar or wind generating equipment with an inverter manufactured in Washington state Factor: 1.2 (one and two- tenths)	\$0.18		
Anaerobic digester or other solar equipment or wind generator equipped with blades manufactured in Washington state Factor: 1.0 (one)	\$0.15		
All other electricity produced by wind Factor: 0.8 (eight-tenths)	\$0.12		

The factors are cumulative. For example, if a Customer’s system is solar and has both solar modules and an inverter manufactured in Washington state, the economic development hours will be multiplied by a factor of three and six tenths (3.6) (computed 2.4 plus 1.2). Therefore a Customer would multiply the 15-cent base rate per actual kilowatt-hour generated by a system by three and six tenths (3.6) to get a total incentive payment rate of \$0.54 per kilowatt-hour. Other solar equipment refers to systems that do not have modules or an inverter(s) manufactured in Washington State and therefore qualify for just \$0.15 per kilowatt hour generated.

No individual, household, business, or local governmental entity is eligible for incentives of more than \$5,000 per year. If requests for the investment cost recovery incentive exceed the amount of funds available for credit to the District, the incentive payments shall be reduced proportionately. The Climate and Rural Energy Development Center at the Washington State University Energy Program may establish guidelines and standards for technologies that are identified as Washington manufactured and therefore most beneficial to the state's environment. The environmental attributes of the renewable energy system belong to the applicant, and do not transfer to the state or the District upon receipt of the investment cost recovery incentive.

Effective: **SEPTEMBER 25, 2006**

Amended: **SEPTEMBER 14, 2009**

POLICY ON CUSTOMER PURCHASES OF SNAP

SNAP is a program offered by the District to encourage the support of qualified alternative energy resources within the District's service territory. Customers support the program through voluntary purchases of qualified alternative energy resources (SNAP generation) by paying additional money over and above their regular utility bill. (For the SNAP program these customers are referred to as Purchasers. For the sake of clarity in this section, Purchasers will be referred to as customers).

Through this program, customers can purchase SNAP generation by contributing money over and above their regular utility bill. This additional money is kept in a SNAP fund, which is then passed on to SNAP Producers once a year as per the Policy For SNAP Generation Within Chelan County PUD's Service Territory.

Customers can commit to purchase SNAP generation for a two-year period. The amount of the commitment will appear on their bill as a reminder of the commitment. Customers though are not obligated to include the purchase with their utility bill. Non-payment of the voluntary purchase will not subject customers to late fees or disconnection. Customers can be relieved of the commitment by sending a written notice to the District 30 days prior to the date they wish to end the commitment.

Voluntary purchases are only applied to the SNAP fund if the total amount paid by the customer, including the SNAP purchase, is above all other amounts owed by the customer. District practice is that late fees are paid first, followed by return check charges, service charges and the regular utility bill. If a customer has indicated that a SNAP purchase is included in his or her payment, all other charges will be deducted prior to crediting the customer's voluntary purchase to the SNAP fund.

Customers with credit balances who have committed to a monthly SNAP purchase will have the SNAP purchase deducted from their credit balance.

Customers on automatic payment plans who have committed to a monthly SNAP purchase will have the purchase added to their automatic payment. The purchase will only be added if the customer has signed a program registration card. Customers must provide the District thirty (30) days notice to terminate the automatic purchase.

SNAP purchases cannot be applied to the regular bill once they have been transferred to the SNAP fund. In April, customers will receive an annual statement of the total SNAP purchases they contributed for the preceding twelve (12) months.

Customers can sign up for the program at any time, but the purchases will not be prorated based on the date the customer signs up for the program. The full amount of the monthly commitment will be indicated on the customer's next bill regardless of when the customer makes the commitment.

Effective: **SEPTETEMBER 25, 2006**

NET METERING

1. AVAILABILITY:

The Net Metering Program is available to customers who have an electric generator that has a nameplate capacity of not more than one hundred (100) kilowatts and who purchase electric power from the District under the provisions of another District rate schedule, and who sign a Power Purchase and Interconnection Agreement with the District allowing them to interconnect to and operate in parallel with the District electric distribution system. The Net Metering Program is available to new participants until such time as the cumulative nameplate capacity of generators participating in the program exceeds 1.065 megawatts (0.25 percent of the District's peak demand in 1996). On January 1, 2014 the cumulative generating capacity available to net metering systems will equal 0.5 percent of the utility's peak demand during 1996. Not less than one-half of the utility's 1996 peak demand available for net metering systems shall be reserved for the cumulative generating capacity attributable to net metering systems that generate renewable energy which is defined by R.C.W. § 80.60.010(12), and includes water, wind, solar energy, or biogas from animal waste as fuel.

The commission may adopt additional safety, power quality, and interconnection requirements for customer-generators that the commission determines are to protect public safety and system reliability.

2. BILLING ADJUSTMENT:

The District's charges for electric energy are adjusted for customers who sign and comply with a Power Purchase and Interconnection Agreement as follows:

The customer shall pay for the net energy used by the customer in accordance with the following formula: (a) the customer shall pay for all electric energy used in any billing period in excess of the amount of electricity produced by the customer during that billing period; (b) the customer shall receive a credit for all electric energy produced during a billing period in excess of the amount of electric energy supplied by the District during that period, such credit to be applied to the customer's future electric bills; provided however that; (c) any energy balance remaining in favor of the customer under the provisions of subparagraph (b) on April 30 of each calendar year shall be zeroed out with no further liability to the District and no credit to the customer for that balance. For the purposes of the Net Metering Program, "billing period" shall be the billing period applied to customers of the same class and in the same geographic area as a customer participating in the Net Metering Program. The price for electric energy provided to or credited to a customer under the Net Metering Program shall be the price charged for such electric energy by the District under the provisions of the rate schedule under which the customer receives service; as such rate schedule may be revised from time to time by the District's Board of Commissioners. A customer participating in the Net Metering Program shall be billed on the schedule applicable to customers in the same class and geographic area as that customer and shall be subject to the payment terms specified in the District's [Utility Service Regulations](#).

The Net Metering Program billing adjustment only applies to charges for energy. A customer participating in the Net Metering Program is subject to all other charges, rates,

terms and conditions, including any minimum charges, of the District rate schedule under which the customer receives service.

EFFECTIVE: **DECEMBER 18, 2006**