

RULE N
SPECIAL ARRANGEMENTS
FOR SUBSTATION ALLOWANCES AND
TRANSMISSION VESTED INTEREST

This rule applies to eligible customers taking service under Schedule 19, or customers taking Primary or Transmission Service under Schedule 9; when the customer's request for service requires the installation of new or upgraded transformer capacity in Substation Facilities.

Definitions

Additional Schedule 9 or 19 Applicant is a Schedule 9 or 19 Customer whose Application requires the Company to provide new or relocated service from Substation Facilities served by an existing section of Transmission Facilities with a Transmission Vested Interest.

Applicant is a Schedule 9 or 19 Customer whose Application requires the Company to provide new or relocated service from Substation Facilities served by Transmission Facilities that are free and clear of any Transmission Vested Interest.

Application is a request by an Applicant or Additional Schedule 9 or 19 Applicant for new electric service from the Company.

Connected Load is the total nameplate MW rating of the electric loads connected for Schedule 9 or 19 service.

Distribution Facilities include structures, wires, insulators, and related equipment that are operated at a 34.5 kilovolt or lower rating.

Substation Allowance is the portion of the cost of the Substation Facilities funded by the Company.

Substation Facilities include those facilities and related equipment that transform the voltage of energy from a 44 kilovolt or higher rating to a 34.5 kilovolt or lower rating.

Transmission Facilities include structures, wires, insulators, and related equipment that are operated at a 44 kilovolt or higher rating.

Transmission Line Installation is any installation of new Transmission Facilities owned by the Company.

Transmission Line Installation Charge is the partially refundable charge assessed an Applicant or Additional Schedule 9 or 19 Applicant whenever a Transmission Line Installation is built for that individual.

Transmission Vested Interest is the right to a refund that an Applicant or Additional Schedule 9 or 19 Applicant holds in a specific section of Transmission Facilities when Additional Schedule 9 or 19 Applicants attach to that section of Transmission Facilities.

Transmission Vested Interest Charge is an amount collected from an Additional Schedule 9 or 19 Applicant for refund to a Transmission Vested Interest Holder.

Transmission Vested Interest Holder is a person or entity that has paid a refundable Transmission Line Installation Charge to the Company for a Transmission Line Installation.

RULE N
SPECIAL ARRANGEMENTS
FOR SUBSTATION ALLOWANCES AND
TRANSMISSION VESTED INTEREST
 (Continued)

Transmission Vested Interest Portion is that part of the Company's transmission system in which a Transmission Vested Interest is held.

Substation Allowance

If a Schedule 9 or 19 Customer's request for service requires the installation of new or upgraded transformer capacity in Substation Facilities, the following considerations will be included in the separate agreement between the Customer and the Company:

The Customer will initially pay for the cost of new or upgraded Substation Facilities required because of the Customer's request. The Customer will be eligible to receive a one-time Substation Allowance based upon subsequent sustained usage of capacity by the Customer.

a. Substation Allowance: The maximum possible allowance will be determined by multiplying the Customer's actual increase in load by \$99,826 per MW but will not exceed the actual cost of the Substation Facilities.

b. Substation Allowance Refunds: The Substation Allowance will be refunded to the Customer over a five-year period, with annual payments based on the Customer's Basic Load Capacity at the time of refund. The first refund will be paid one year following the first month energy is delivered through the new Substation Facilities.

The refunds will occur based on the following adjustment, which will be added to the Substation Allowance received in the previous year. If there is no change in load from the previous year, the Substation Allowance for that year is equal to the Substation Allowance from the previous year:

$$\frac{((\text{Change in load from the previous year as measured in MW}) \times (\text{Substation Allowance per MW}))}{\text{Number of Substation Allowance Refunds remaining in five-year period}}$$

The Customer's annual refunds will be made in accordance with the Substation Allowance amount stated in the separate construction agreement between the Customer and the Company.

Transmission Vested Interest

If a Schedule 9 or 19 Customer's request for service requires the installation of new or upgraded capacity in Transmission Facilities, and those Transmission Facilities are serving the Customer by a radial feed, the following considerations will be included in the separate agreement between the Customer and the Company:

The Customer will initially pay for the cost of new or upgraded Transmission Facilities required because of the Customer's request. The Customer may be eligible to receive Transmission Vested Interest Refunds in accordance with Schedule 9 or 19.

RULE N
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 (Continued)

Transmission Vested Interest (Continued)

Transmission Vested Interest Refunds.

Transmission Vested Interest Refunds will be paid by the Company and funded by the Additional Schedule 9 or 19 Applicant's Transmission Vested Interest Charge as calculated in accordance with Schedule 19. The initial Applicant will be eligible to receive refunds up to 80 percent of their original construction cost.

Transmission Vested Interest Refund Limitations

- a. Transmission Vested Interest Refunds will be funded by no more than 4 Additional Schedule 9 or 19 Applicants during the 5-year period following the completion date of the Transmission Line Installation.
- b. In no circumstance will refunds exceed 100 percent of the refundable portion of any party's cash payment to the Company.

Transmission Vested Interest Charges:

Additional Schedule 9 or 19 Applicants with a Connected Load of greater than 1 MW who connect to a Transmission Vested Interest Portion of a Transmission Line Installation will pay a Transmission Vested Interest Charge to be refunded to the Transmission Vested Interest Holder.

An Additional Schedule 9 or 19 Applicant will pay an amount determined by this equation:

Transmission Vested Interest Charge = A x B where;

A = Load Ratio: Additional Schedule 9 or 19 Applicant's Connected Load divided by the sum of Additional Applicant's Connected Load and Transmission Vested Interest Holder's load.

B = Vested Interest Holder's un-refunded contribution

The Additional Schedule 9 or 19 Applicant has no Transmission Vested Interest and the Transmission Vested Interest Holder remains the Transmission Vested Interest Holder. The Transmission Vested Interest Holder's Transmission Vested Interest will be reduced by the newest Additional Schedule 9 or 19 Applicant's payment.

The Transmission Vested Interest Charge will not exceed the sum of the Transmission Vested Interests in the Transmission Line Installation. If an Additional Schedule 9 or 19 Applicant connects to a portion of a vested Transmission Line Installation which was established under a prior rule or schedule, the Transmission Vested Interest Charges of the previous rule or schedule apply to the Additional Schedule 9 or 19 Applicant.