

SECTION 13
SPECIAL FACILITIES

13.1 DEFINITION

Special facilities are those facilities supplied by the Company which are in addition to, or in substitution of, the standard facilities which the Company would normally install to provide service.

13.2 APPLICATION

When a customer makes written application for such special facilities and the installation of the special facilities is acceptable to the Company, the special facilities will be installed.

13.3 CHARGES

The monthly charge for added investment for special facilities as determined by the Company is as follows:

1.89% for transmission investment (which occurred prior to November 1, 2007)

2.50% for distribution investment

2.49% for street and area lighting investment

The above percentages recover the depreciation, return, income tax and O & M components of the special facilities charge over the full asset life of 38, 33 and 15 years for transmission, distribution and lighting facilities, respectively. Customers having contracts with the Company for a term less than full asset life (e.g. cogeneration contracts for 15 years) may be required by the Company to fully pay the depreciation, return and income tax components of the special facilities charge over the contract period.

At the Company's option the customer may be required to both pay in advance for the added investment and reimburse the Company for the net present value of federal and state income tax impacts of such contribution in aid of construction computed using the marginal income tax rates in accordance with Term & Condition 1.8. In addition, the customer will pay a monthly operation and maintenance (O&M) charge on the contributed amount, excluding the net present value of federal and state income tax impacts at marginal income tax rates, as follows:

0.87% for transmission investment (which occurred prior to November 1, 2007)

1.45% for distribution investment

1.14% for street and area lighting investment

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13.3 CHARGES (Continued)

The operation and maintenance (O & M) charge is normally paid monthly on an open term basis. If a customer prefers to prepay the O & M charges, the Company will negotiate a prepayment schedule or a lump sum payment with the customer. In the event a customer chooses to negotiate such an alternative payment plan, said payments shall be non-refundable.

The billing to the customer will start when the facilities are energized or ready to be energized. Special facilities charges will be based upon the current price of the transformers that are installed. Transformer rentals will be based upon the Company's current price of the transformers being rented. Customers who are renting special facilities equipment as of June 30, 1987, shall retain a monthly charge based upon the equipment's original cost.

13.4 ABANDONMENT OF FACILITIES

In the event that the special facilities are abandoned or service is discontinued, the customer will be required to pay for any unused investment and removal costs in special facilities.

13.5 COST OF INSTALLATION

Normally the installation costs of special facilities, which are subject to the monthly charge of 1.89% for transmission, 2.50% for distribution and 2.49% for street/area lighting in Term & Condition 13.3, shall be borne by the customer and paid in advance or otherwise may be arranged to the satisfaction of the Company. When such advance payment is made, any resulting net present value of federal and state income tax impacts relating to contributions in aid of construction will be computed using the Company's marginal income tax rates, and will also be borne by the customer. When the installation cost is not billed separately, it shall be subject to either the 1.89%, 2.50% or the 2.49% monthly charge above.

13.6 OTHER FACILITIES

All other facilities, including foundations and structures, must be supplied, owned and maintained by the customer at his expense.

APPENDIX A
PREPAYMENT SCHEDULE

This page has been cancelled.

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APPENDIX B
TRANSFORMER REPLACEMENT COST
(EXCLUDES INSTALLATION)

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APPENDIX B
TRANSFORMER REPLACEMENT COST
(EXCLUDES INSTALLATION)

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