

# ORIGINAL NEW APPLICATION



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February 5, 2007

Arizona Corporation Commission

**DOCKETED**

FEB 05 2007

**HAND DELIVERED**

Docket Control  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, AZ 85007

E-01891A-07-0081

DOCKETED BY	<i>MLW</i>
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Re: *Garkane Energy Cooperative, Inc. ("Garkane" or the "Cooperative") Revised Line Extension Policy; Docket No. E-01891A-\_\_\_\_\_ - \_\_\_\_*

Dear Sir/Madam:

Pursuant to A.A.C. R14-2-207, Garkane submits and requests Commission approval of the attached revised Line Extension Policy ("Policy"). The Policy adds a new item 10 at pages 5-6 to provide a new Hook-up Fee schedule.

Garkane is a Utah non-profit rural electric cooperative which provides power to approximately 11,000 members in Utah and Arizona. Approximately 96% of Garkane's members are in Utah. The Cooperative serves only about 660 members in northern Arizona. In recent years, Garkane has been experiencing growth in both states which is requiring a considerable amount of capital improvements to its system—the costs of which are not covered by revenues from new customers. For example, in the 2000-2006 period, Garkane made a total of approximately \$437,000 in distribution improvements to its Arizona system to support the addition of about 190 customers. The Cooperative is experiencing a similar situation in Utah.

In order to reduce required borrowings, the associated interest expense and hold down the overall cost of service to all of its members, the Garkane Board of Directors last year approved the hook-up fees for new services which are stated in the new item 10 of the policy. They have been filed with the Utah Public Service Commission and are currently in effect in Utah. This filing is made to make the Arizona Policy consistent with the fees being assessed on the rest of Garkane's system in Utah. The Commission has previously approved hook-up fees for the Dixie Escalante Rural Electric Association, Inc., a cooperative which also serves in Utah and Arizona, in Docket No. E-02044A.

Docket Control  
February 5, 2007  
Page 2

The Cooperative requests Commission approval of the Policy. If there are questions concerning this matter, please contact the undersigned or Carl Albrecht, General Manager/CEO, at 1-800-747-5403.

Very truly yours,

GALLAGHER & KENNEDY, P.A.



By:

Michael M. Grant

MMG/plp  
10703-1/1504397v2

Attachment

**Original and 13 copies** filed with Docket  
Control this 5<sup>th</sup> day of February, 2007.

cc (w/attachment): Matt Rowell, Utilities Division (delivered)  
Carl Albrecht (mailed)

GARKANE ENERGY COOPERATIVE, INC.  
BOARD POLICY NO. 206-B

ELECTRIC SERVICE REGULATION NO. 68  
STATE OF ARIZONA

LINE EXTENSION POLICY

1. General Provisions: Garkane Energy Cooperative, Inc. (Cooperative) will provide electric service to all within the boundaries of its service area when free rights of way and continued access for servicing are provided on the applicant's premises, and the applicant complies with the conditions of one of the following classifications as determined by the association.
  - (a) "Permanent Service," as herein defined, includes service to Residential, General Service and Large Power when the use of service, both as to amount and permanency, can be assured.
  - (b) "Indeterminate Service," as herein defined includes but not limited to, service to mines, quarries, oil wells, industrial, manufacturing, and large commercial enterprises of speculative character, real estate subdivisions, mobile homes and recreational vehicles, property being developed for sale, enterprises where the applicant will not be the user of service, locations where there is little or no immediate demand for service by any other consumer, seasonals, and other service (except that defined hereinafter as "Temporary") where the amount and permanency of use cannot reasonably be assured.
  - (c) "Temporary Service," as herein defined, includes but not limited to service to circuses, bazaars, fairs, concessions and similar enterprises, construction work, etc., of a temporary nature, and ventures of such uncertain speculative character that their permanency is questionable, such as mining or oil and gas production operations, etc., which, during the preliminary or development period of same, may at Association's option, be classified in this category of service.
  - (d) Deposits or contributions in aid of construction will be calculated to reflect the estimated construction costs as entered on the books of the association.
2. Extensions for Permanent Service Outside of Subdivisions:
  - (a) Free Extensions: Upon the satisfactory completion of required site improvements, as determined by the Cooperative, the Cooperative will make single phase extensions from its existing overhead facilities of proper voltage and adequate capacity free of charge a distance of up to six hundred (600) feet where the property to be served is not within a subdivision. The distance of six hundred (600) feet is to be measured from the existing facilities of the Cooperative's distribution facilities capable of serving the Consumer. Line extensions made under this extension policy for three phase overhead service will be subject to an allowance of two hundred (200) feet free footage of line.

GARKANE ENERGY COOPERATIVE, INC.

STATE OF ARIZONA  
LINE EXTENSION POLICY - cont.

- (b) Extensions in Excess of Free Extension Distance: The Cooperative shall make extensions in excess of six hundred (600) feet upon receipt of a non-interest bearing, refundable cash deposit with the Cooperative to cover the costs of construction, as mentioned in Item 3 below. The total cost of such additional footage shall be based upon a current construction cost study made by the Cooperative for overhead single phase extension.

THREE PHASE EXTENSIONS IN EXCESS OF FREE EXTENSION DISTANCE

The Cooperative shall make extensions in excess of two hundred (200) feet upon receipt of a non-interest bearing refundable cash deposit with the Cooperative to cover the costs of construction. The total cost of such additional footage to be based upon a current construction cost study made by the Cooperative for Three Phase Extensions.

1. Method of Refund: The method of refunding for three phase extensions will be in the order of refunding for single phase as set forth in the example in Section 3, except 200 ft. shall be used in place of 600 ft., if the new extension is three phase.
3. Method of Refunds: Deposit refunds will be made to a depositor when separately metered permanent Consumers are served directly from the line extension originally constructed to serve said depositor, providing the new line extension is less than six hundred (600) feet in distance.

The amount of the deposit refund will be equal to the actual cost per foot of constructing the line, multiplied by six hundred (600) feet less the actual footage of the new line extension required to serve the new Consumer.

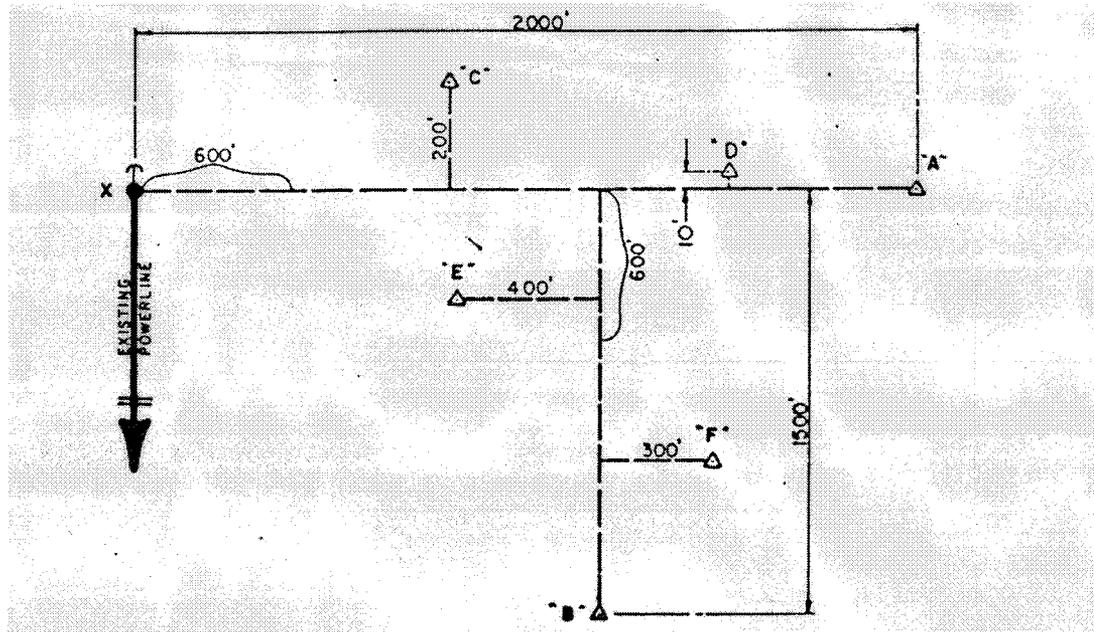
In no event shall the total of the refund payments made by the cooperative to a depositor be in excess of the deposit amount advanced.

If after five (5) years from the Cooperative's receipt of the advance required for the estimated cost, of the new line to be constructed has not been totally refunded, the advance shall be considered a contribution in aid of construction and shall no longer be refundable.

GARKANE ENERGY COOPERATIVE, INC.

STATE OF ARIZONA  
LINE EXTENSION POLICY - cont.

A pictorial explanation of the method of refund based upon the initial rate per foot is as follows:



Applicant "A" - Applicant puts up refundable deposit for footage over 600 feet (1400' @ actual line extension cost.)

Applicant "B" - Applicant puts up refundable deposit for footage over 600 feet (900' @ actual line extension cost.) No refund is due Applicant "A" because total construction was over 600 feet.

Applicant "C" - No charge to applicant. However, Applicant "A" will get a refund. (400' @ actual line extension cost.) Line "C" ties directly into Line "A" and it is under 600 feet.

Applicant "D" - No charge to applicant, Applicant "A" will get a refund of 590' @ actual line extension cost because Line "D" ties directly into Line "A".

Applicant "E" - No charge to applicant. Applicant "B" will get a refund. (200' @ actual line extension cost.) Line "E" ties directly into Line "B".

Applicant "F" - No charge to applicant. Applicant "B" will get a refund. (300' @ actual line extension cost.) Line "F" ties directly into Line "B".

GARKANE ENERGY COOPERATIVE, INC.

STATE OF ARIZONA  
LINE EXTENSION POLICY - cont.

4. Extension for Indeterminate Service:

- (a) The applicant may be required to make a nonrefundable contribution-in-aid of construction for the entire construction investment, and they must enter into a contract with the association.
- (b) Platted developments being subdivided for future potential residential homesites will require a construction contribution to be made to cover the cost of the basic backbone primary system being installed. A standard 200 amp service will be allowed for indeterminate services, both overhead and underground.
- (c) In the event an indeterminate service is reclassified to permanent service, the provision of extensions for permanent service shall apply after the date of the reclassification.

5. Overhead or Underground Distribution Facilities Within Mobile Home Parks For Duly Recorded Real Estate Subdivisions: Distribution facilities will be constructed by the Cooperative within a duly recorded subdivision or mobile home park after the Cooperative and the developer of said subdivision or park have entered into a written contract which provides among other things for:

Advance Deposit: The total estimated installed cost of such distribution facilities, exclusive of a standard 200 amp service is to be advanced to the Cooperative as a nonrefundable cash deposit to cover the Cooperative's cost of construction.

Line Facilities: Where single phase line facilities within a subdivision or mobile home park exceed the cost of a standard 200 amp service for each lot, a nonrefundable cash amount equal to that portion of the total estimated installed cost represented by those required line facilities shall be paid to the Cooperative.

6. Extensions for Temporary Service:

- (a) For service classified as "Temporary," Association shall require applicant to pay Association in advance of construction an amount equivalent to Association's estimate of the total cost of construction and removing the extension less estimated salvage value of materials used.
- (b) Service provided to a temporary extension shall be billed in accordance with the rate schedules applicable.
- (c) Association may refuse to connect additional consumers to temporary extensions.
- (d) Service over a temporary extension will not be continued for a period longer than eighteen (18) months, and if consumer desires service thereafter, said continued

GARKANE ENERGY COOPERATIVE, INC.

STATE OF ARIZONA  
LINE EXTENSION POLICY - cont.

service shall be furnished under the terms of either the "Permanent" or "indeterminate" plan, if Association's estimate of the future use of service justifies and continued operation and maintenance of the line.

7. Underground Extensions to Individual Applicants and/or to the Perimeter of Duly Recorded Real Estate Subdivisions:
  - (a) Underground line extensions will generally be made when mutually agreed upon by the Cooperative and the applicant or in areas where the Cooperative does maintain existing underground distribution facilities for its operating convenience.
  - (b) The applicant shall provide at his expense the trenching, backfilling (including any imported backfill required), compaction, repaving and earth-work for pull boxes or other preparation for electrical apparatus necessary for the installation of underground facilities, all in accordance with the specifications and schedules of the Cooperative. At its option, the Cooperative may elect at the applicant's expense to perform the necessary activities to fulfill the applicant's responsibility hereunder provided the expense to the applicant is equal to or less than that which would otherwise be borne.
  - (c) Primary and/or secondary underground power lines will be supplied upon request when feasible; however, the consumer will bear the cost differential between underground and overhead construction.
  - (d) Services that are not standard 200 amp services and require additional costs to install in either power line capacity or because of unusual construction, will also be paid for by the consumer.
  - (e) The Association will install, own and maintain all underground facilities to the point of delivery.
8. Large Industrial Loads: Large industrial loads involving special construction or circumstances will be individually analyzed and the provisions of the extension policy applied as agree upon.
9. Customer Extension Review: The customer may request a review of this contract at such time that he feels the circumstances have changed to the extent that his extension charges should either be reduced or eliminated. Such circumstances would be the addition of customers to the line on which his extension charge was calculated.
10. Hook-Up Fees: The hook-up fee shall be based upon the service entrance main breaker and/or fuse sets amperage and nominal service voltage. Where there are more than one service entrance main breakers and/or fuse sets the hook-up fee shall be based upon the sum of such devices. Service entrances which are upgraded and result in increased capacity shall be assessed a hook-up fee equal to the difference between the original service entrance size and

GARKANE ENERGY COOPERATIVE, INC.

STATE OF ARIZONA  
LINE EXTENSION POLICY - cont.

the upgraded service entrance size. Service entrances which are upgraded for safety reasons or system improvements without increase in service capacity may have the hook-up fee waived. In new subdivisions hook-up fees shall be assessed to the lot owner at the time the customer requests service to the lot.

Hook-Up Fees Schedule

**RESIDENTIAL OR NON-DEMAND SERVICES**

(Single Phase 120/240 volt Service)

OVERHEAD OR UNDERGROUND SYSTEM CONNECTION

0-100 amps	\$1,000.00
101-200 amps	\$2,000.00
Each additional 100 amps, or portion thereof	\$1,000.00

**COMMERCIAL, IRRIGATIONAL, GENERAL SERVICE, OR ALL OTHER SERVICES**

Installed Meter Capacity	\$40/kW
or Minimum Impact Fee	\$1,000.00

Upgrading of existing service will require the applicable hook-up fees to be paid.