



Nashville Electric Service Electric Service Policies



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NEW SERVICE POLICIES

1.0 General Requirements for New or Additional Electric Service

1.1 Making an Application for Service

Making an application for service means the customer or representative has furnished the appropriate department of NES with all load and design data for NES to proceed with its engineering design. General discussion related to the proposed building or project with NES personnel or other governmental agencies of the city or county does not mean the customer has made application for service.

When a new or expansion of a general power or industrial facility is planned, the customer, or his representative, must consult NES for the availability of utilities and furnish all necessary plans so NES can properly and adequately design its facilities and prepare cost estimates. This information shall include site plans, construction drawings, specifications, and a complete written breakdown of all load requirements including street lighting, traffic signals, signage, etc. If the information is submitted electronically, NES should be consulted for the current format requirements.

Upon application for service, NES will prepare plans and specifications and will provide the applicant with an estimate of the cost of the required extensions, additions, or improvements including the cost of the installation of any required special equipment or apparatus beyond the basic level of service and allowable investment limit. The allowable investment limit will be determined by the customer class or development type defined in the Schedule of Fees and Charges.

1.2 Requirements for Plan Submittal

When site or property plans or plats are requested by this policy, such plans should be drawn to scale and meet generally accepted levels of accuracy and completeness, including a complete property description tied to an acceptable point of origin and bearings and distances for property lines and all easements in accordance with the specifications of the NES Electric Service Guidelines. In instances of individual lots where subdivision plats may not be available, NES may, at its discretion, accept a recorded metes and bounds description of the property. NES may request that the plans, plats and other drawings mentioned in this policy be submitted in hard copy or electronic form or a combination of both, depending upon the specific applications of the requested information. These plans, plats or other drawings should include but are not limited to sewers, drains and other underground installations.

1.3 Design and Cost Estimate

NES has the exclusive right to determine the safest, most reliable, and cost effective design for providing a basic level of service to the customer. NES will provide an engineering cost estimate for new or expanded service to the customer for acceptance. Should the cost to provide service be increased by design changes requested by the customer, such additional costs shall be borne by the customer. After making application for electric service, if a customer does not take service for any reason, the customer may be required to reimburse NES for any expense incurred. In like manner, after NES has begun construction based on information furnished by the customer, the customer may be charged for any and all expenses incurred by NES for construction modifications necessitated by information provided by the customer, the customer's agent or by revisions to the initial request.



1.4 Time Limitations on Cost Estimates

The customer has 30 calendar days to accept an estimate from the date of quotation. If the quotation is not accepted in this time frame, NES will prepare a cost update to reflect current cost and policies. If the customer has prevented NES from starting construction within 12 months from the date of the accepted quotation, deposit or payment, NES may revise the cost estimate and require new and additional financial arrangements.

1.5 Redesign Fee

Should the customer request NES to redesign any system or deviate from a standard design, the customer may be required to pay a redesign fee per the Schedule of Fees and Charges. If electric facilities have already been installed, the developer shall reimburse NES for the cost of any relocated facilities resulting from the revision. The customer will also forfeit any allowances associated with any units or lots deleted from the previous plan.

1.6 Site Preparation

Applicants for electric service shall provide all necessary easements, rights-of-way, and perform initial tree trimming/ removal at no cost to NES before any line extension is constructed or service is provided under any section of this policy. No extensions, additions or improvements will begin until NES is satisfied that the site preparation, and/or the customer's work has progressed sufficiently to warrant such extensions, additions or improvements. More detailed information concerning site preparation is contained under sections 2.2 Residential Developments and 3.4 Commercial and Industrial Developments.

1.7 Non-Standard Service

The customer shall be responsible for the additional cost compared to standard service installations of any special installation necessary to meet the customer's atypical requirements for service.

1.8 Facility Access and Maintenance

The customer, upon making application for service, thereby (i) grants and agrees to provide to NES the rights, ways and rights of way necessary for the proper construction, operation and maintenance of NES' electric facilities, including but not limited to conductors, poles, ducts, cables, guy wires, anchors, transformers, vaults, meters, fixtures and other equipment necessary or convenient for providing electric service to the customer, over, upon, across and under the customer's property, and (ii) agrees to execute and deliver related documentation that NES may request to further describe or evidence such rights, ways or facilities. The customer shall also provide without cost to NES suitable location and housing for all facilities installed and owned by NES on the customer's premises; and all necessary permission for ingress and egress to and from the customer's premises to enable employees, agents or contractors acting on behalf of NES to read meters; install, repair, maintain and remove NES' property; inspect and test electrical equipment within or upon the premises at all reasonable times; and perform all necessary or desirable actions in connection with the service to the customer and NES' property. If the wiring, fixtures or appliances in the customer's premises are found by NES employees, agents or contractors to be defective or damaged, and liable to cause damage to the property of NES or to affect the proper operation of NES' property, the meter can be removed and service discontinued without liability on the part of NES until such time as said defects are remedied.



1.9 Notice of Additional Load

The service connection, transformers, meters and equipment supplied by NES for each customer have definite capacity, and no addition to the equipment or load connected thereto will be allowed except by consent of NES. Failure to give notice of additions or changes in load, and to obtain NES' consent for same, shall render the customer liable for any damage to any of NES' lines or equipment or interruption of electric service provided by NES caused by the additional or changed installation.

1.10 Financial Responsibilities for Supplemental or Special Facilities Installed Ahead of Meter Point

When a customer requests NES to install additional transformers or other equipment or systems beyond the basic level of service, the customer may pay for this equipment on a cash, non-refundable basis. In addition, NES may recover its future anticipated expense of electrical losses, maintenance, operation and amortization of replacement cost through a monthly supplemental service charge per the Schedule of Fees and Charges

1.11 Right to Refuse Service Under This Policy

NES reserves the right to refuse to serve any project under this policy which is located so remotely from existing electric facilities that service would not be feasible or economical. Service for such projects shall be determined on an individual basis. NES may, in its sole discretion, expand electric service to encourage economic development in accordance with the Rules and Regulations and Customer Service Policies. NES may refuse to connect or may discontinue service for violation by the customer of any NES rules, regulations, policies, power contracts, electric service agreements or for theft of energy.

2.0 Service to Residential Customers

Customers must make an application for new or additional electric service per the Customer Service Policies and pay any applicable fees before work orders will be issued or before any work is performed by NES. This application should be completed at a minimum of 30 calendar days in advance of the date service is expected.

The receipt by NES of a prospective customer's application for service, regardless of whether or not accompanied by a deposit, shall not obligate NES to provide the service for which applied. If the service applied for cannot be supplied in accordance with NES rules, regulations and general policies and practices, the liability of NES to the applicant shall be limited to the return of any deposit made with NES by the applicant.

A basic level of service that is less than the allowable investment limit, as specifically defined in each residential type below, will be furnished at no charge, other than normal connection fees and deposits.

2.1 Individual Residences

The basic level of overhead or underground service for individual residential customers shall be a single phase transformer and a service drop that is less than the allowable investment limit (see Schedule of Fees and Charges).

The installation of a service pole for secondary service will be made at no charge to the customer when, in the opinion of NES, the pole is required for proper clearances, safety concerns or for engineering judgment and the customer's service location is acceptable to NES.



When a customer desires a service connection in a location that would make a service pole necessary, the customer shall pay for the cost of installing the service pole and related hardware per the Schedule of Fees and Charges.

Underground secondary service from overhead lines will be provided in accordance with NES specifications as defined in the NES Electric Service Guidelines. The applicable charges are defined in the Schedule of Fees and Charges.

A customer desiring underground secondary service may choose to furnish and install all of the underground service, including the conductor and conduit to a service pole with proper guying furnished by the customer as defined in the NES Electric Service Guidelines.

- (a) NES will provide an overhead secondary service drop to the customer's underground service at no cost to the customer limited to the allowable investment limit.
- (b) It shall be the responsibility of the customer to maintain the service.
- (c) The customer-owned service pole must be in a location that is accessible to NES equipment.
- (d) Supplemental Residential Service - Basic overhead secondary service drop includes transformer and is limited to the allowable investment limit.

2.2 Mobile Homes

Permanent electric service to mobile homes is available provided certain conditions are met.

- (a) The mobile homeowner must own the property.
- (b) The mobile home must be connected to a water system and septic tank or sewer.
- (c) The mobile home must be installed as permanent living quarters. If the mobile home does not meet all of the above requirements, it will be considered a temporary service and subject to the applicable charges for temporary service. If the mobile home is to be used for non-residential uses, either permanent or temporary, general policies for commercial services will be followed. A mobile home park will be handled as if it were a subdivision and is subject to the applicable charges for subdivisions.

2.3 Electric Primary Extensions

Electric service involving an addition of overhead primary lines on private property to individual residential customers shall be limited to the allowable investment limit. In addition, the following requirements apply for individual residences:

- (a) Charges for special construction of non-standard line extensions and service connections such as underground primary service and three phase service will be determined by utilizing the allowable investment limit as specified in the Schedule of Fees and Charges.

Extensions of NES' electric system shall be offered by means deemed consistent with good engineering practices in order to provide safe, reliable, cost effective service and in accordance with these service policies. Unless otherwise noted in the extension agreement, payment of estimated cost for the extension shall be made prior to construction of the extension.



2.2 Residential Developments

2.2.1 Subdivisions

Subdivisions are defined as two or more adjoining residential lots with a common road or access with utility easement. The applicable charges for each type of construction are outlined in the Schedule of Fees and Charges. Upon receiving application from the developer, NES will prepare drawings detailing the proposed electric facilities to be constructed to serve all lots shown on the approved plan. NES will have the exclusive right to determine a safe, reliable, cost effective system to serve the subdivision and shall be made in accordance with the applicable NES Electric Service Guidelines. Installation of electric facilities to serve a new subdivision will be designed to extend to the full limits of the development. This system will be on public property or on an approved easement so as to serve all lots on the approved plan. Charges related to providing new service shall be paid to NES before any construction begins.

Developer requirements:

- The developer shall be required to enter into a Residential New Business Agreement with NES before a design can be provided for the subdivision.
- The developer shall furnish NES with site plans (grading, utility, proposed transformer, underground conduit, etc.) approved and recorded as required by applicable county planning commissions.
- The developer shall provide and install conduit and arrange for inspections with NES. Specifications are listed in the NES Electric Service Guidelines.

NES will begin construction to the subdivision when the following conditions have been met:

- Charges related to providing new service are paid.
- Lot lines must be pinned and staked.
- Roads on which electric service is desired must be graded and usable as determined by NES.
- All requested easements must be recorded, or an agreement to furnish and record all requested easements must be signed by the developer.
- Evidence of new home construction.

2.2.2 Multi-Unit Developments

The applicable charges for each type of construction are outlined in the Schedule of Fees and Charges. Upon receiving application from the developer, NES will prepare drawings detailing the proposed electric facilities to be constructed to serve all units shown on the approved plan. NES will have the exclusive right to determine a safe, reliable, cost effective system to serve the multi-unit development and shall be made in accordance with the applicable NES Electric Service Guidelines. Installation of electric facilities will be designed to extend to the full limits of the development. This system will be on public property or on an approved easement so as to serve all units on the approved plan. Charges related to providing new service shall be paid to NES before any construction begins. Charges per unit for multi-unit developments are based on the allowable investment limit.



Developer Requirements:

- The developer may be required to enter into an agreement with NES before a design can be provided.
- The developer shall furnish NES with site plans (grading, utility, proposed transformer, underground conduit, etc.) approved and recorded as required by applicable county planning commissions.
- The developer shall provide and install conduit and arrange for inspections with NES. Specifications are listed in the NES Electric Service Guidelines.

NES will begin construction to the subdivision when the following conditions have been met:

- Charges related to providing new service are paid.
- All requested easements must be recorded, or an agreement to furnish and record all requested easements must be signed by the developer.
- Evidence of new construction.

3.0 Service for Commercial and Industrial Customers

3.1 Contracts

3.1.1 Commercial and industrial customers shall be required to sign a standard contract or application for commercial and industrial service. This contract shall include a "contract demand" for all loads greater than 1,000 kW.

3.1.2 The term "contract" means an officially executed agreement for electric service between NES and another party using commercial and industrial service with reference to the electric service for a specified location. The contract cannot be canceled or demand lowered during its initial term unless a new customer signs a contract equal to or greater than the present contract. The former customer will then be released from the current contract.

The contract will be automatically extended after the initial term unless canceled by either party under the terms of the contract. The contract may be canceled by either party at the end of the initial term or at any later date by either party notifying the other in writing as specified in the contract. If, after the initial term, a new customer signs a new contract equal to or greater than the present contract, NES will consider the current contract canceled.

If NES cancels the contract for any breach or default on the part of the customer, or the customer discontinues or abandons the operation of the plant or facility to be served, there will immediately become due and payable to NES as liquidated damages, and not as a penalty, an amount equal to the sum of the minimum amounts or minimum monthly bill computed for the entire period of the unexpired contract term.

(a) Such amounts will be in addition to any amounts then due for service under the provision of the contract.

(b) Temporary shutdown, breakage of machinery, adverse business conditions or other circumstances will not be regarded as a discontinuance or abandonment of the customer's operations so long as the customer continues to pay its bills, including minimum bills, when due.



Should the customer, after signing the contract, not take the service by reason of not occupying the premises or for any reason, the customer shall repay NES for any expense that may have been incurred.

3.1.3 Completed contract/application must be provided for either original or additional electric service before work orders will be issued or before any work is performed.

3.1.4 The use of electricity by a customer shall bind the customer by the terms of the applicable standard contract form or application, even though not actually signed and the applicable customer rate schedule.

The receipt by NES of a prospective customer's application for service, regardless of whether or not accompanied by a deposit, shall not obligate NES to provide the service for which applied. If the service applied for cannot be supplied in accordance with NES rules, regulations and general policies and practices, the liability of NES to the applicant shall be limited to the return of any deposit made with NES by the applicant.

3.1.5 NES will administer requests for reduction of contract demands by General Power Rate customers under certain conditions.

NES will enter into an amendment with any General Power Rate customer to reduce the contract demand(s) specified in such customer's power contract by a mutually satisfactory amount not to exceed the amount which NES determines, in its sole judgment, is a direct result of conservation and load management measures.

- (a) Any customer seeking such a reduction shall supply NES information adequate in NES' judgment to verify the conservation and load management actions taken by the customer and the resulting reduction in the customer's power requirements.
- (b) Any questions regarding the amount of permissible reduction will be resolved by an energy usage audit performed by NES.

It is recognized there may be investments in power supply facilities or portions of them which are individually identifiable with the customer's contract and which NES would not otherwise have made if the customer had initially requested a lower contract demand in the power contract. Any contract load reduction agreed to by NES shall be subject to full reimbursement to NES by the customer for any such unnecessary investment.

Contract Terms and Termination

For initial contracts with new customers or renewal contracts with existing customers with less than 10 years of prior service to that or prior customers at the same location:

Total Contract Demand (kW)*	Contract Term and Termination
1,001-5,000	One year initial term extended automatically from year to year thereafter through 10th year. Termination by either party available at end of initial term or at any time thereafter upon at least 90 days prior written notice.



5,001-25,000	Five year initial term extended automatically from year to year thereafter through 10th year. Termination by either party available at end of initial term or any extension upon at least one year prior written notice.
25,001-100,000	Five year initial term extended automatically for an additional five year term. Termination by either party available at end of initial term or at any time during second term upon at least three years prior written notice.
100,001-350,000	Ten years. Termination by either party available at any time upon five years prior written notice.
350,001 and above**	Not less than 10 years. Termination by either party available at any time upon five years prior written notice.
<p>*Total contract demand includes the sum of the firm and non-standard power contract demand. **Length of term and minimum notice period for termination may be set at higher levels to reflect unusually large investments required to be made by NES or to reflect other factors.</p>	

For renewal contracts with customers after 10 or more years of prior service to that or prior customers at the same location:

Total Contract Demand (kW)*	Contract Term and Termination
1,001-5,000	Same as for new customer. Termination by either party available at any time upon at least 90 days prior written notice.
5,001-25,000	Five years. Termination by either party available at any time upon prior written notice of sum of two months plus one month for each full 2 MW of total contract demand.
25,001-50,000	Ten years. Termination by either party available at any time upon prior written notice of sum of eight months plus one month for each full 3 MW of total contract demand.
50,001-100,000	Ten years. Termination by either party available at any time upon prior written notice of sum of 15 months plus one month for each full 5 MW of total contract demand.
100,001-200,000	Ten years. Termination by either party available at any time upon prior written notice of sum of 26 months plus one month for each full 10 MW of total contract demand.
200,001-350,000	Ten years. Termination by either party available at any time upon prior written notice of sum of 38 months plus one month for each full 20 MW of total contract demand.
350,001 and above**	Not less than 10 years. Termination by either party available at any time upon five years prior written notice.



** Total contract demand includes the sum of the firm and non-standard power contract demand.*

*** Length of term and minimum notice period for termination may be set at higher levels to reflect unusually large investments required to be made by NES or to reflect other factors.*

**** Service during the preceding 10 years must have been for a load substantially equivalent to or greater than that to be served under the renewal contract.*

A customer with a non-standard power contract may terminate the availability of such power separately under the above provisions.

Approval Responsibility for Commercial Service Contracts

Commercial and Industrial Customers	Approval Responsibility
1001-5000 kW Demand	Manager, Engineering Department
Over 5001 kW Demand	Electric Power Board
Traffic Signals, Street Light Service, Attachments	Supervisor, Engineering Department
Security Light and Athletic Field	Supervisor, Engineering Department

3.2 Individual Commercial Customers

Customers must make an application for new or additional electric service per the Customer Service Policies and pay any applicable charges before work orders will be issued or before any work is performed by NES. This application should be completed at least 60 calendar days of the date service is expected.

The receipt by NES of a prospective customer's application for service, regardless of whether or not accompanied by a deposit, shall not obligate NES to provide the service for which applied. If the service applied for cannot be supplied in accordance with NES rules, regulations and general policies and practices, the liability of NES to the applicant shall be limited to the return of any deposit made with NES by the applicant.

A basic level of service consisting of a transformer and overhead or underground service drop (see Schedule of Fees and Charges) will be provided to customers whose estimated demand is less than 50 kW (designated as small commercial customers) at no cost beyond normal connection fees and deposits, limited to the allowable investment limit.

Underground secondary service can be provided under the following restrictions

- (a)** Underground secondary service will be limited to an 800 Ampere panel or less at standard voltages.
- (b)** Customers requesting underground service for greater than an 800 Ampere panel must have pad-mounted service.

Customers desiring underground service may choose to furnish and install all of the underground service, including the conductor and conduit to a service pole with proper guys and anchoring, if necessary, furnished by the customer.



- (a) It shall be the responsibility of the customer to maintain the service.
- (b) The customer-owned service pole must be in a location that is accessible to NES equipment.

Underground installations shall be made in accordance with NES specifications as defined in the NES Electric Service Guidelines. The route of the underground lines must be agreed to by NES.

There is no basic level of service for all other commercial customers. Electric service requested by a commercial customer whose demand is greater than 50 kW may be required to pay a Contribution in Aid to Construction (CIAC) calculation before construction can begin (see Schedule of Fees and Charges). Charges for special construction of non-standard line extensions and service connections such as underground primary service and three phase service will be determined as specified in the Schedule of Fees and Charges. If project requires custom/non-standard materials or equipment, customer must approve and pay costs before procurement of such material or equipment takes place.

3.2.1 Electric Primary Extensions

Electric service involving an addition of overhead primary lines on private property to an individual small commercial customer shall be determined by utilizing the allowable investment limit. Charges for special construction of non-standard line extensions and service connections, such as underground primary service and three phase service, will be determined by utilizing the allowable investment limit as specified in the Schedule of Fees and Charges.

Extensions of NES' electric system shall be offered by means deemed consistent with safe, reliable, cost effective engineering practices and in accordance with these service procedures. Unless otherwise noted in the extension agreement, payment of charges shall be made prior to construction of the extension.

3.3 Commercial and Industrial Developments

Recorded Documents for Electric Service

The developer must have the development approved by the appropriate governmental authority with the approved layout containing all utility easements required by NES. All such easements must be recorded. Two prints of the approved plat must be furnished to NES as part of the information supplied in accordance with the NES Electric Service Guidelines.

Electric Design

NES will prepare an electric distribution infrastructure drawing to serve all lots shown on the approved plan. NES will have the exclusive right to determine the best system to serve the development including both overhead and underground facilities. Designs may include transformers for small loads (i.e. traffic and parking, signage, etc.) when deemed appropriate by NES.

Electric Facilities Cost Estimate

NES will provide the developer a Contribution in Aid to Construction (CIAC) calculation based upon the loads provided by developer and a design prepared by NES as defined in the Schedule of Fees and Charges. If project requires custom/non-standard materials or equipment, customer must approve and pay costs before procurement of such material or equipment takes place.



- (a) NES facilities shall not be installed until construction of facilities of potential customers is in progress.
- (b) Developer may be required to install infrastructure to serve adjoining parcels and/or future phases of the development to minimize disturbance of the streetscape.

4.0 Outdoor Lighting

4.1 Security Lighting

NES will offer security lighting for individual customers. The monthly charge for each type and power rating is shown in the Outdoor Lighting Rate (Schedule LS). Security lighting will be made available under the provisions of the current Security Lighting Rental Contract.

Normal outdoor lighting installations will be made on existing wood utility poles where adequate secondary voltage is available within one span and proper clearances can be maintained within applicable codes and statutes.

Security lighting systems must be installed in a location where any heavy equipment necessary to install, maintain or remove the system can be safely operated without damage to the customer's property.

Any excess cost beyond normal installations shall be at paid by the customer in advance of construction. All work done by the customer shall be done in accordance with NES specifications.

4.2 Athletic Field Lighting

NES will offer electric service to athletic field installations for individual customers in accordance with the current Outdoor Lighting Rate (Schedule LS). Athletic field lighting installations will be provided, owned and maintained by and at the expense of the customer. The customer will pay a facility charge (investment) for additional infrastructure to service the athletic field lighting. The annual facility (investment) charge will be based on NES' estimated cost to supply power to the athletic field installation and the facility charge percentage referenced in the Outdoor Lighting Rate. The customer shall be required to sign an athletic field contract prior to construction.

In accordance with the Outdoor Lighting Rate, the electrical load served on athletic field installations shall be limited to athletic field lighting and any minor load less than 2 KW (i.e. open air press box with no heating or air conditioning, basic scoreboard, minor plugs, etc.). Electrical load not usually permitted to be served from athletic field services include concession stands, irrigation systems, pumps and restrooms. These loads typically either do not meet the 2 KW limitation or their usage does not meet the limitations contained in the Outdoor Lighting Rate and/or the athletic field contract.

5.0 Underground Electric Facilities

5.1 General Information

5.1.1 It is the developer's responsibility to conform to local and county government's underground utility requirements and ordinances.

5.1.3 NES will install underground electric distribution facilities for residential customers and subdivisions in accordance with the provisions outlined in Section 2.0 - Service to Residential Customers.



5.1.3 NES will install underground electric distribution facilities for commercial and industrial customers in accordance with the provisions outlined in Section 3.0 - Service to Commercial and Industrial Customers.

5.1.4 Underground installations shall be made in accordance with the applicable NES Electric Service Guidelines.

5.1.5 Other utilities may co-locate their facilities with NES' underground electric facilities in accordance with the applicable NES Electric Service Guidelines.

5.1.6 NES reserves the right to refuse to provide any underground installations which may result in unsafe or unacceptable operating conditions.

5.1.7 NES may at its discretion install its facilities overhead or underground; specifications and terms will be furnished by NES on request.

5.2 Downtown Underground Network Service Area

Customers requesting electric service in the Downtown Underground Network Service Area must install their electric facilities in accordance with applicable NES Downtown Underground Network Secondary Services Guidelines.

6.0 Customer Metering and Wiring Standards

6.1. All meter bases, meter centers, breaker boxes and wiring installed by the customer must conform to all applicable codes and ordinances, as exemplified by the requirements of the National Electrical Safety Code (NESC), the National Electric Code (NEC) and the NES Electric Service Guidelines. The customer shall at all times maintain the meter bases, meter centers, breaker boxes, wiring and equipment furnished by the customer in such condition and repair as may be required by NES and by any statute, law, city ordinance or code.

6.2. Before the electric service is energized, all wiring, equipment and appliances must be inspected and approved by the legally authorized electrical inspector.

6.2.1. NES has the right, but is not obligated, to inspect any installation before the service is energized or at any later time.

6.2.2. NES reserves the right to refuse or discontinue service to any meter bases, meter centers, breaker boxes, wiring or equipment not in accordance with the electrical codes or any special contract, NES policies, the NES Electric Service Guidelines or other requirements of NES.

6.2.3. Any service found to be unsafe or in violation of the current adopted edition of the NESC, NEC or NES Electric Service Guidelines will be disconnected by NES at the request of the inspection authorities.

6.2.4. Services found to be hazardous to the public will be immediately reported in accordance with the NES Safety Manual and disconnected. The disconnected services will require an inspection and release before being reconnected.

6.2.5. Such inspection or failure to inspect or reject does not make NES liable or responsible for any loss or damage resulting from any defects in the installations or wiring, from violation of the electrical codes, the provisions of any special contract or from accidents which may occur upon the customer's premises.



6.3. Meter Location

6.3.1. NES shall specify the location of service (point of delivery) and metering before the customer installs any new wiring or makes any changes in any existing wiring installation.

6.3.2. Customers, architects and consulting engineers shall obtain this information before preparing plans. NES reserves the right to refuse to connect to any point of delivery that has not been located by NES.

6.4. The point of attachment and the method of attachment to NES' service wires to the customer's structure shall be determined by NES in every case. Safe and adequate anchorage structures for service wires shall be provided by the customer in accordance with NES' requirements.

6.5. Installation of Metering Equipment

NES will allow installation of metering equipment at the convenience of the customer provided the equipment is installed according to guidelines issued by the NES Meter Section and provided the meter and equipment, after installation, is readily accessible by NES personnel.

6.5.1. NES may refuse service to any customer who, without consultation with NES personnel, locates his equipment so that NES personnel have difficulty gaining access to the meter.

6.5.2. If the customer modifies his building or otherwise makes the meter inaccessible after service has been initiated, NES may, in accordance with the rules and regulations, disconnect service to the customer's building and require relocation of the metering equipment at the customer's expense.

6.5.3. Relocation of equipment will be allowed subject to the same condition as above for new installations.

6.6. NES Provided Equipment/Ownership

6.6.1. Metering equipment furnished for installation at a customer location remains the property of NES even though it may be installed by a customer. This includes meters, instrument transformers, cabinets, etc.

6.6.2. NES may furnish a meter base to authorized personnel for installation at a customer location upon receipt of a proper permit for electrical service.

(a) Customers must purchase meter bases and associated hardware from local suppliers in accordance to the specifications defined in the NES Electric Service Guidelines.

6.6.3. NES will purchase instrument transformers for installation in customer switchgear. It will be the responsibility of the customer to obtain these from NES and install them in their equipment. NES must approve such installations, including switchgear wiring schematics, prior to ordering any equipment and must inspect the equipment after installation is made. NES may, in accordance with the rules and regulations, refuse to connect service to any gear which has been installed without proper consultation with NES personnel or which, when inspected, is unacceptable.

6.6.4. The customer is responsible for care and maintenance of all metering equipment located in his switchgear.



7.0 Standard and Non-Standard Voltage Classes & Capacities

7.1. Standard Available Single Phase Secondary Voltages and Maximum Demand

7.1.1. 120/240 volts, 3 wire, maximum allowable demand: overhead service - 167kVA; underground service - 167kVA.

7.1.2. 20 volts, 2 wire, maximum allowable demand: available only for service size of 60 amperes or less.

7.2. Standard Available Three Phase Secondary Voltages and Maximum Demand

7.2.1. 208 grounded wye/120 volts, 4 wire, maximum allowable demand: overhead service - 500kVA; underground service - 1,500kVA.

7.2.2. 480 grounded wye/277 volts, 4 wire, maximum allowable demand: overhead service - 500kVA; underground service - 2,500kVA.

7.2.3. 240 volts Delta, 3 wire, maximum allowable demand: overhead service - 500kVA; underground service – not available.

7.2.4. 480 volts Delta, 3 wire, maximum allowable demand: overhead service - 500kVA; Underground service – not available.

7.2.5. 4160 grounded wye/2400 volts, 4 wire, maximum allowable demand: overhead service - 1,500kVA; underground service - 5,000kVA.

7.3. Standard Available Primary Voltages

7.3.1. 13,800 volts, 3 wire, 3 phase.

7.3.2. 23,900 grounded wye/13,800 volts, 4 wire, 3 phase.

7.3.3. 69,000 volts, 3 wire, 3 phase.

7.3.4. 161,000 volts, 3 wire, 3 phase.

7.3.5. The Engineering Department must approve the use of these voltages for service requirements.

7.4. Non-Standard Service Requests

7.4.1. Supplemental or standby service (see Section 9.0).

7.4.2. For special service and voltages other than standard voltages, the customer shall consult with NES regarding the form and type of service required, before the customer proceeds with the purchase of equipment or wiring.

7.4.3. NES will furnish information in writing on the types of service available, the location of NES' lines and the ability of NES to meet special requirements.

7.4.4. Nothing contained in this policy shall bind NES to provide such special service.

7.4.5. Non-standard voltages are not available for new service. Non-standard voltages may, at the option of NES, be served for existing services if the necessary equipment is available.

8.0 Temporary Service

8.1. Temporary service will be provided before the installation of permanent service, or where service is required for a short time (not to exceed 12 months).



8.1.1. Standard temporary service consists of one 120/240 volt single phase, three-wire service supplying a load of 200 amps or less. Overhead or underground secondary voltage facilities shall be installed in accordance with NES specifications as defined in the NES Electric Service Guidelines.

8.1.2. Multiple temporaries at one location shall be treated as a non-standard temporary service and will have a calculated cost as defined in the Schedule of Fees and Charges.

8.2. A connection fee for temporary service will be collected in advance for each standard temporary service. The applicable charges for temporary service are outlined in the Schedule of Fees and Charges.

8.3. Power usage for temporary service will be billed monthly at the appropriate commercial rates.

8.4. Temporary service for non-standard capacities and special voltages will be charged on an individual basis as defined in the Schedule of Fees and Charges.

8.4.1. The minimum charge shall be the standard temporary service charge outlined in the Schedule of Fees and Charges.

8.4.2. This charge shall be paid in advance of connecting the temporary service.

8.5. All temporary services shall be made in accordance with the NES Electric Service Guidelines.

9.0 Supplemental Service

9.1. Upon request by the customer, NES will offer supplemental service provided the standby capacity requested can be made available.

9.1.1. When a customer requires an alternate circuit or other system which provides reserved capacity in NES' distribution facilities, the customer shall pay a monthly supplemental service charge per kVA capacity of the NES installed transformer.

9.1.2. NES will determine the source of the supplemental service.

9.1.3. The applicable charges for supplemental service are outlined in the Schedule of Fees and Charges.

9.2. If new facilities are required, the customer must pay the amount of the construction cost in advance of construction, and/or enter into a contractual arrangement with NES that recovers the cost of construction of new facilities. All customer switching installations used to transfer load between sources must be approved by NES prior to energizing the equipment. The equipment must be accessible at all times for periodic inspections by NES and for emergency switching.

10.0 Point of Delivery

10.1. The Point of Delivery shall be where current is delivered to the building or premises by NES and is defined by the following conditions unless defined by a written agreement between the customer and NES.

10.1.1. For overhead service, the Point of Delivery shall be at the point the customer's service entrance conductors are connected to NES' service drop conductors.



10.1.2. For underground residential service (single phase only), the Point of Delivery shall be the terminals of the meter base connected to NES' underground conductors.

10.1.3. For underground commercial service (pad-mounted transformer or ground type substation), the Point of Delivery shall be the low voltage terminals of the transformer.

10.1.4. For underground commercial service (transformer vault or network system), the Point of Delivery shall as defined by the NES Downtown Underground Network Secondary Services Guidelines.

10.1.5. For primary service, the Point of Delivery shall be as defined in the customer's contract for service.

10.1.6. The schedule of rates for each class of customer is based upon the supply of service through a single delivery and metering point at a single voltage.

(a) Separate services for the same customer at the same premises or at different voltages shall be permitted provided the services are not in conflict with applicable electric codes.

(b) Separate services must be metered and billed separately.

10.2. Single Point of Delivery (SPD) may be available for customers with separate primary or secondary circuits terminating in a common location as defined below and may be totalized. In these cases, NES will bill the customer on the total simultaneous demand and the total energy of these primary or secondary circuits. The conditions of Single Point of Delivery are as follows:

10.2.1. Separate primary circuits of the same voltage terminating in a common switch room or vault, adjacent bays of a structure or pad mounted device shall be considered a single point of delivery.

10.2.2. Customers receiving Supplemental service (see Section 9.0) from separate primary or secondary circuits of the same voltage and terminating in a customer owned main-tie-main switchgear, whereby customer can transfer load from one source to the other source, shall be considered a single point delivery.

10.2.3. If different buildings are served, or switchgear is located in separate rooms or areas of the same building, single point delivery can be achieved with primary metering. All poles, transformers and equipment used beyond the primary meter must be owned or leased by the customer according to Section 16.0.

10.2.4. The customer is responsible for costs associated with primary metering, which generally include the infrastructure and primary metering for the single feed to the facility, monthly lease charges or sale of facility, if applicable, in accordance with Section 16.0, and losses past the primary meter.

10.3. Work Beyond the Point of Delivery

10.3.1. Whenever possible, NES will confine its installations by its own crews to public property or utility easements except for service conductors.

10.3.2. All work performed by NES on customer-owned equipment or beyond the point of delivery, except for items leased from NES, shall be at the expense of the customer according to the NES Sales Order Guidelines.



OPERATIONAL SERVICE POLICIES

11.0 Power Production Facilities

11.1. Power production facilities such as co-generation facilities, emergency generation facilities and renewable energy facilities as outlined in the Public Utility Regulatory Policies Act of 1978, as amended or by subsequent federal regulation, will be permitted by NES under the following conditions:

11.1.1. All such production facilities and pricing must be in accordance with NES and/or TVA guidelines.

11.1.2. Customers that desire to operate their production facilities in parallel with the TVA or NES transmission or distribution system shall be required to execute appropriate agreements.

11.1.3. NES reserves the right to disconnect any unauthorized production facility from the utility until such facility is made to comply with this policy and other applicable guidelines.

11.1.4. All power production facilities shall comply with NES and/or TVA guidelines regarding safety, system protection and operation. Facilities must be accessible by NES for periodic inspections.

11.1.5. Customers shall pay applicable NES and/or TVA costs and application fees associated with the proposed facility. System studies, where required, will be performed by NES at the expense of the customer.

11.2. Emergency Generation Power Production Facilities with Open Transition Transfer Switches

11.2.1. Emergency generation facilities utilizing open transition transfer switching equipment are permitted by NES after meeting the following requirements:

- (a)** The customer shall verify in writing to NES that the switches used for transferring the load between the utility and the customer's facility will prevent the facility from operating in parallel with the utility.
- (b)** If it is found that the facility can back-feed onto the utility, the customer must either modify the facility for open transition or comply with Section 11.3.

11.3. Co-Generation and Emergency Generation Power Production Facilities with Closed Transition Transfer Switches

11.3.1. Co-generation facilities and emergency power generation facilities utilizing closed transition transfer switching equipment will be permitted by NES under certain conditions:

- (a)** Customers that desire to operate facilities in this manner shall be required to execute appropriate agreements.
- (b)** Customers that desire to operate facilities with closed transition transfer switches shall submit detailed plans, control diagrams and specifications of the proposed facility to NES. NES will perform a system study, at the customer's expense, to determine the impacts of the facility on the utility.
- (c)** Customer shall not operate the facility until written approval is received from NES.



- (d) Facilities of this type are not allowed to be interconnected to the NES downtown network distribution system.

11.4. Renewable Generation Facilities

11.4.1. Customers desiring to operate renewable generation facilities (i.e. wind, solar, biomass, hydro, etc.) will be required to execute contracts and agreements as required by TVA and/or NES.

11.4.2. Customers shall provide NES the completed application packet and obtain written approval prior to operating the system.

11.4.3. Customer's facility and installation shall comply with the NES Renewable Energy Guidelines and TVA guidelines.

11.4.4. Installation of power production facilities located within the Downtown Underground Network Service Area shall be subject to approval by NES Engineering.

12.0 Relocation of and Changes to NES Facilities

12.1. Relocations Due to Street Improvement Projects

12.1.1. When requested by local and/or state governments, NES will relocate or replace facilities in public rights-of-way due to street improvements. Reimbursement will be made in accordance with applicable law.

12.1.2. For clarification purposes, relocations for street improvements due to public works projects such as sewer lines, water lines, storm water improvement projects, greenways, sidewalk construction, etc. or projects due to private interests shall be at the cost of the customer, subject to applicable law.

12.2. Relocations Due to Customer Request

12.2.1. NES shall, at the request of the customer, consider the relocation or alteration of existing NES facilities provided NES is not prevented/prohibited from making the relocation.

12.2.2. Requestor of the relocation shall pay for the engineering cost determined by NES prior to NES preparing a detailed design.

12.2.3. Customer shall pay 100 percent of actual relocation costs, including but not limited to labor, NES overhead, materials, traffic control, easements and damage repairs caused during relocation work. If overtime work is required for the relocation, NES will charge overtime rates.

- (a) Prior to the relocation project being released to construction, the customer will be required to execute a relocation agreement for any relocation resulting in an estimated cost of \$50,000 or more and shall pay 75 to 100 percent of the estimated cost to NES. The balance will be credited/invoiced to the customer after the completion of construction.
- (b) If project requires custom/non-standard materials or equipment, customer must approve and pay costs before procurement of such material or equipment takes place.
- (c) Relocations with an estimated cost below \$50,000 will require the customer to make payment prior to performing the work.



12.2.4. At the sole discretion of NES, if a relocation project is found to be related to a service providing new or additional customer load to NES, up to 25 percent of the remaining revenue allowance (if available) can be utilized to offset the relocation cost.

12.2.5. To facilitate the relocation, prior to the project being released to construction, the customer is responsible for meeting all NES requirements, without cost to NES, including but not limited to: the provision of underground system infrastructure, vehicular access, suitable easements, property rights and/or right-of-way.

12.2.6. Individuals or groups may request that overhead facilities be converted to underground facilities with such conversion being approved by the NES Engineering Department. Projects of this nature must meet the following additional requirements:

- (a)** All customers currently served by the affected overhead facilities must be willing to place their service underground.
- (b)** NES will not be responsible for any costs related to changes to customer-owned equipment related to a customer-initiated overhead to underground conversion.
- (c)** All costs must be paid as defined in Section 12.2.3 above with the method of sharing determined by the participants.

12.2.7. At the sole discretion of NES, if a customer is required to pay relocation costs and the development is deemed to be a multi-phased development, the customer can choose to use this multi-phase development alternative. Multi-phased developments include plans for additional facilities after construction of the initial facility. The alternative method only applies to initial cost of relocation, removal or replacement of existing electric facilities. In accordance with section 12.2.4, this alternative allows the customer to elect a true-up of NES contribution toward relocation costs after three or five years provided the following conditions are met:

- (a)** The customer pays the full amount of the relocation costs less the allowable contributions as defined in section 12.2.4.
- (b)** The relocation costs were not fully covered or reimbursed by NES.
- (c)** The site development plan includes a verifiable plan submitted to NES and includes additional developments beyond the initial phase.

The alternative policy allows a true up of the relocation costs after three or five years, elected by the customer prior to beginning of construction for the initial service. The true up may result in additional reimbursements to the customer or additional charges by NES to the customer. At the end of the customer elected true up period (three or five years) NES will review the actual customers usage occurring the previous 12 months and recalculate NES relocation contributions based on the actual usage. The difference between NES recalculated contribution and the un-reimbursed relocation costs will be refunded to the customer. If the true up results in NES over contributing to relocation costs the



customer will be billed for the difference between the trued-up amount and NES contribution toward relocation costs. NES contribution will not exceed the actual costs to relocate the facilities.

13.0 Metering Operations

13.1. Tampering

13.1.1. Altering the meter installation, including bypassing the meter or inversion of the meter, or otherwise influencing the meter so it does not properly register the amount of energy being used by the customer, is tampering and will be treated as such in accordance with applicable laws, ordinances and statutes.

13.2. Liability

13.2.1. The customer will be responsible for reasonable care in handling and use of all metering equipment. If equipment is damaged and it can be shown that the customer has not exercised reasonable care, the customer may be subject to charges to cover the cost of replacement (see also Section 13.3).

13.3. Meter Damage/Defective Metering

13.3.1. If an electric meter is discovered to be damaged and it is determined that this damage was caused by the customer, NES will charge the customer as outlined in the Schedule of Fees and Charges.

13.4. Meter Errors

13.4.1. If the kilowatt usage is inaccurately recorded or registered due to equipment failure or error by NES employees and results in a customer being undercharged or overcharged, and the customer is unaware of the error, defect or failure, NES is authorized to collect or assess a charge for such usage or reimburse the customer for overpayment of such usage for a period of 36 months from the date the error is discovered and billed, unless a date can be established for such error, which is less than 36 months, then NES is authorized to collect or assess a charge for such usage, or to reimburse the customer for overpayment of such usage from such date.

13.5. Meter Testing

13.5.1. NES will routinely test three phase CT rated meters for accuracy and will adjust billing accordingly. Adjustments shall be limited to a period of 30 days prior to the test.

13.5.2. Residential metering, other non-CT rated metering and single phase CT rated meters will be tested periodically.

13.5.3. Customers who suspect that their meter is inaccurate may request a meter test by NES.

- (a)** If the test shows that the meter is accurate within two percent (+/-), no adjustment will be made, and the customer shall be charged for the meter test in accordance with the applicable charges.
- (b)** If the test shows the meter to be in excess of two percent (+/-), an adjustment shall be made to the customer's bill for a period of not over 30 days before the date of the test.
- (c)** Customers requesting a meter test shall be told at the time of the request that the above mentioned charge may be applied to their account if the meter is operating accurately.



13.6. Metering Pulses

13.6.1. NES will provide watt-hour and Var/Q-hour metering pulses to customers whose equipment can utilize them.

13.6.2. If NES metering is equipped for providing pulses to NES equipment, then the customer need only provide the isolation devices as required in the NES guidelines; however, if NES metering is not equipped for pulse initiation and the customer desires pulses, NES will install pulse metering and charge the customer for the difference in cost of the pulse metering installation and normal metering for that class of customer.

13.6.3. NES will not provide an end-of-interval (time) pulse.

13.7. Special Metering Classes

13.7.1. Special metering classes, which are chosen at the option of the customer and require special metering arrangements, will subject the customer to charges over and above the normal metering installation for that class of customer.

13.7.2. For those installations which require communications to the meter for use by TVA for reading the meter, the customer must provide the line and surge protection.

13.7.3. For those installations requiring totalized metering schemes, the customer must provide communications to the meter.

13.7.4. NES must approve the communications provided.

13.8. Power Factor Metering

13.8.1. NES may, at its option, upgrade metering at no cost to the customer for the purpose of determining the power factor of the customer's load.

13.8.2. If a metering test indicates that a customer may have a power factor that is required to be metered under the provisions of the applicable rate schedule, the customer shall be notified after a delay of one billing period, and metering equipment capable of measuring reactive power will be installed. All future power billings will be in accordance with the applicable rate schedule.

13.8.3. New customer loads will be evaluated at the time application for electric service is being made in order to determine if power factor metering facilities will be required to meter the customer's power factor under the provisions of the applicable rate schedule. The customer shall be informed as to the installation of such power factor metering equipment.

13.9. Sub-metering

13.9.1. NES will not provide metering for sub-metering purposes except where it is part of a load study program or other program initiated by NES or TVA.

14.0 Voltage Fluctuations Caused by Customers

14.1. Electric service must be used in such a manner as to not cause unusual fluctuations or disturbances to NES' system. NES may require a customer to install suitable apparatus at their own expense which will reasonably limit such fluctuations. Unusual fluctuations are defined as voltage change or waveform to any NES customer outside the limits of the latest revision of the American National Standard for Electric Power Systems and



Equipment - Voltage Ratings 60 Hertz (ANSI C84.1) and/or other accepted boundaries, such as the most recent Information Technology Industry Council (ITIC) curve.

- 14.2.** Single phase welders, large motors starting across the line (full voltage starts) and some furnaces are examples of equipment which can create system disturbances. Any changes NES may make to its distribution system to prevent unusual fluctuations caused by the customer's use of this type of equipment shall be paid for on a cash, non-refundable basis by the customer causing the fluctuation.
- 14.3.** Approval must be obtained from NES before the installation of any single or three phase load of 100 kW or larger. Any motor loads which equal or exceed the following shall require NES approval for starting across the line:
 - 14.3.1.** For commercial service: 75HP/3 phase or 40HP/single phase.
 - 14.3.2.** For residential service: 20 HP/3 phase or 10HP/single phase.
- 14.4.** Loads served by any standard three phase secondary voltage shall be balanced within 10 percent on the service equipment where practical.
- 14.5.** NES reserves the right to disconnect any service causing system disturbances that affect other customers' services if no correction is made by the customer within a reasonable period of time as specified in Section 14.1 or 14.2.

14.6. Capacitors Installed by Customers

- 14.6.1.** Installation of capacitors by commercial and industrial customers is encouraged to prevent power factor penalty charges and improve electrical service.
- 14.6.2.** Customers shall consult with the NES Engineering Department for review and approval before installation of capacitors on primary feeders.
- 14.6.3.** Capacitors installed by the customer should be applied in such a manner that at no time will the power factor become leading at the customer's meter.

15.0 Attachments on NES Poles

- 15.1.** Attachments to NES poles and equipment may be permitted upon approval by NES of the written application and subject to a written agreement between NES and the customer.
- 15.2.** All costs, including engineering, for "make ready" work to accommodate customer attachments must be paid by the customer unless otherwise stated in the infrastructure use agreement.
- 15.3.** All attachments and associated construction practices must comply with applicable standards, including but not limited to the current editions of the NESC, NES Operating Procedures, NES Transmission and Distribution Standards, and NES Pole Attachment and Conduit Usage Guidelines.
- 15.4.** Additional Requirements for the Attachment of Customer-Owned Wireless/Radio Frequency (RF) Equipment:
 - 15.4.1.** The installation of any equipment in the power space shall be done only by an NES-approved contractor.
 - 15.4.2.** NES may prohibit the attachment of this equipment to certain types of poles for engineering, safety or other reasons.



15.4.3. The customer may be required to provide assistance in resolving any interference problems at the site of their wireless/RF attachment. Unresolved interference problems may result in removal of the wireless/RF attachment.

15.4.4. A market-based attachment fee shall be charged for these attachments.

15.5. NES may permit the departments and agencies of the Metropolitan Government of Nashville and Davidson County and other government agencies to place signs on its utility poles, subject to a written agreement and provided these signs are attached by NES-approved, customized brackets in accordance with the applicable standards.

16.0 Sale and Lease Arrangements for Electric Plant

16.1. Requirements for Purchasing Electric Plant

16.1.1. The customer shall be responsible for the operation and maintenance of facilities purchased from NES.

16.1.2. The purchase price shall be determined by NES per the policy for sale of facilities as outlined in Section 16.2.

16.1.3. PCB Test

(a) NES will test transformers for PCB prior to purchase by the customer.

(b) If the test results are greater than 49 ppm, NES will take appropriate actions to bring the installation into compliance with applicable state and federal regulations.

16.1.4. The purchase price of the electric facilities shall be paid in full at the time of the transaction or in accordance with the contractual arrangements covering the sale of the facilities.

16.1.5. An agreement for sale of facilities shall be signed by NES and the customer to transfer ownership of electric plant. Any costs for modifications to existing electric facilities necessary to allow transfer of ownership shall be included in establishing the sale price.

16.1.6. Sale or transfer of ownership between NES and other electric utilities shall be governed by applicable state laws and bond covenants.

16.2. Sale Price Calculations for Electric Plant

16.2.1. The sale price for electric plant shall be established as the highest of the original cost or the replacement cost less accumulated depreciation (based on replacement cost).

16.2.2. The original cost of substation equipment shall be determined from the book value of the substation.

16.2.3. The original cost of distribution equipment shall be determined from the replacement cost of the facilities adjusted to the original installation year using the latest edition of the Handy Whitman Index.

16.3. Requirements for Leasing Electric Plant

16.3.1. NES retains ownership of facilities under the leasing arrangements.

16.3.2. A lease agreement shall be executed by NES and the customer. The agreement shall include an appendix that lists all facilities being leased.

16.3.3. All leased facilities shall be accessible to NES vehicles.



16.3.4. NES retains the sole right to determine accessibility.

16.3.5. NES reserves the right to require the customer to purchase (according to Section 16.1) or relocate inaccessible facilities that are in service when the lease agreement goes into effect. Relocation shall be at the customer's expense and shall be completed before any lease agreement can be executed.

16.3.6. NES reserves the right to terminate the lease agreement or require the customer to relocate any facilities rendered inaccessible during the term of the lease.

16.3.7. Terms of Lease

- (a) The term of all leases shall match the term of the customer's power contract if applicable.
- (b) Monthly lease payments shall be added to customer's power bill.
- (c) Monthly lease payments shall be constant over the term of the lease unless changes to the facility are made. The monthly lease payments shall then be adjusted to reflect any changes made to the leased facilities.
- (d) The customer will be required to lease all facilities on the load side of the meter, except for lighting service installations, owned by NES. This includes all lines, transformers and other equipment.
- (e) At the end of the contract term, the customer will have the option of renewing the lease at the updated monthly rate or purchasing the facilities under the equipment purchase policy then in effect.
- (f) If the power contract is terminated by the customer, the lease may be terminated on the same date as the power contract termination date.

16.3.8. Determination of Monthly Lease Payments

- (a) Monthly Carrying Charges for facilities shall be the annual carrying charges divided by 12. It shall consist of depreciation expense, interest expense, operation and maintenance expense, tax expense and minimum required return on investment. The Accounting Section will determine these percentages annually. Carrying charges shall be calculated for substation facilities, overhead distribution facilities and underground distribution facilities.
- (b) Average Cost of transformers, poles/manholes and conductor/cable will be determined by dividing the plant cost for that particular item by the total plant units for that item. The Accounting Section will determine these costs annually. The Engineering Department will furnish to accounting the items needed for this calculation.
- (c) Depreciated Replacement Cost shall be calculated from the estimated cost of replacing existing facilities with new facilities and the age of the existing facilities. The Accounting Section shall calculate the depreciated replacement cost from replacement cost estimates furnished by the Engineering Department.
- (d) For service at or above 69 kV, the monthly lease rate shall be based on the depreciated replacement cost of the facilities times the monthly carrying charge.
- (e) For service below 69kV, the monthly lease rate shall be based on the installed facilities and the monthly carrying charge as described below:



- Transformers - The monthly rate shall be based on the product of NES' average cost per kVA of distribution plant, the installed transformer capacity (nameplate rating) of the customer's facility and the monthly carrying charge.
 - Poles/Manholes - The monthly rate shall be based on the product of NES' average cost of poles/manholes of distribution plant, the number of poles/manholes at the customer's facility and the monthly carrying charge.
 - Conductor/Cable - The monthly rate shall be based on the product of NES' average cost of conductor/cable, the installed circuit feet of conductor/cable at the customer's facility and the monthly carrying charge.
 - Other Equipment - Ordinary hardware and devices shall not be included in the monthly rate. NES will, at its option, determine special equipment which will be included in the lease payment calculation. Rates for special equipment shall be calculated by NES on an individual basis.
 - The total monthly rate shall be the sum of the transformer rate, the pole/manhole rate, the conductor/cable rate and any special equipment rate.
- (f) The average costs and monthly carrying charges shall be updated annually by the NES Accounting Section.

16.3.9. NES' Responsibility Under the Lease Agreement

- (a) NES will, when notified of a failure by the customer, repair or replace any failed equipment.
- (b) NES will, when notified by the customer of any increase in load on the leased system, evaluate the system loading, replace any equipment and update the lease agreement as necessary.
- (c) NES will label or mark all leased equipment so that it is easily identifiable as NES owned.
- (d) NES will not be liable for any damages direct, indirect or consequential resulting from an equipment failure.

16.3.10. Customer's Responsibility Under The Lease Agreement

- (a) Upon notice from NES, the customer shall provide a clearance, if needed, during NES' normal working hours for NES to perform maintenance, tests and repairs on leased equipment.
- (b) If a clearance cannot be scheduled during NES' normal working hours, NES may, at its option, schedule the work during overtime hours. The customer shall pay NES according to the Sales Order Guidelines.
- (c) The customer is required to notify NES of any changes to the loading on all leased equipment. Damage to leased equipment from overloading that was not reported to NES may result in additional charges to the customer.

17.0 Maintenance Work on Customer-Owned Metered Lines

- 17.1.** It is the general practice of NES that no work will be done on customer facilities beyond the point of delivery except specialized testing, emergency maintenance that



cannot be done by private contractors or services provided in accordance with a formal energy services agreement.

- 17.2.** NES may work on customer-owned facilities, at the customer expense, on an emergency basis when a safety hazard exists or when service cannot be restored in a timely manner by a private contractor. All work performed by NES on customer-owned equipment or beyond the point of delivery, except for items leased from NES, shall be at the expense of the customer.

18.0 Customer Constructed Infrastructure

- 18.1.** When a customer desires to construct infrastructure or service at his own expense, NES may, at its option, take over ownership and maintenance of such infrastructure, provided they conform to NES requirements as to type and character of construction, including but not limited to NES Electric Service Guidelines and all provisions of the NESC and the NEC. Inspection and certification of code compliance by a professional engineer and construction by an NES-approved contractor may also be required before any takeover can take place.

- 18.2.** A legal transfer of the property to NES must be made before any takeover.

- 18.3.** The customer shall not make any attachments of any kind to NES lines or equipment. NES will make the connection between the customer's line and NES facilities. This provision does not apply to customer wiring to meter bases.

19.0 Street, Roadway and Safety Lighting

- 19.1.** All street and roadway lighting designed by NES, whether on public or private roadways, should meet or exceed recognized national and/or state standards for lighting design unless lesser standards have been approved by the appropriate governing body.

- 19.2.** Street, roadway and safety lighting will be made available under the provisions of the current NES Street Lighting Guidelines.