

EXTENSION OR UPGRADE OF LCEC ELECTRICAL FACILITIES

Definition of Extension:

When there are no, or insufficient, electrical facilities to serve an area, and LCEC must build facilities to provide requested power to new commercial and residential customers. This includes, but is not limited to, poles, fixtures, and wire (conductor). It does not include transformers, the service drop, or metering facilities.

Prior to July 1, 2016:

The applicant who requested the initial service was responsible for the entire cost for any extension or upgrade of electric facilities that exceeded the expected non-fuel revenues of the new facilities.

Beginning July 1, 2016:

After the initial applicant pays the full Contribution-in-Aid-of-Construction (CIAC) amount, for a period not to exceed three years from the in-service date of the new facilities, LCEC may collect a prorated share of the CIAC from additional customers who are served by the facilities, which in turn will be reimbursed to the initial applicant. If appropriate, the reimbursement may also include an amount equivalent to additional estimated non-fuel net revenues.

Expiration:

The proration of CIAC for a specific extension or upgrade continues for three years after the in-service date of the new facilities. NOTE: "In-service date" is defined as the date on which the new facilities are installed and service is available to the initial applicant, as determined by LCEC.

Benefits of the Process Change:

While LCEC's current practice **did not** conflict with regulatory requirements and was consistent with practices of many other electric utilities, the new provisions for CIAC true-up and proration provide enhanced benefits to members.

Our revised CIAC practices, approved by the LCEC Board of Trustees, more closely align with the Florida Administrative Code (FAC), which investor-owned utilities must follow.

Frequently Asked Questions (FAQ):

- 1. If I, as the initial applicant, see someone building a new home or business within the limits of the extension and during the three-year time frame, do I need to contact LCEC to determine whether I may be eligible for reimbursement?**

No. It is not necessary for you to request a reimbursement of prorated CIAC. LCEC has put procedures in place to implement these policy changes. If you feel that you did not receive a prorated payment that you were entitled to, then contact LCEC to discuss.

- 2. If I am eligible for a refund, at what stage of the building of the new home or business will I receive the reimbursement? Will it be after they paid their CIAC or when the new service is energized?**

Depending on the nature of the service work required to energize any additional customer(s) from whom a pro-rata share of the CIAC is due, it may take up to 60 days after energization of the additional customer before the initial applicant receives reimbursement.

3. My service was installed on June 22, 2016. Can I ask for reimbursement if someone builds within the next three years?

No, the program changes are effective July 1, 2016.

4. I paid the CIAC charges to my builder; how do I get the reimbursement?

The reimbursement will be made to the initial applicant. If your builder was the initial applicant, the reimbursement will go to them. Please contact your builder.

5. I am building a new home, and the poles and lines are already there. Why do I have to pay a percentage of the cost of the line extension?

One of the provisions in the July 1, 2016, LCEC policy change is to prorate the cost of new or upgraded facilities not only to the initial applicant whose request for service initiated the new facilities, but also to additional customers who will be served by the new or upgraded facilities within a three-year period after energizing the line extension. This is consistent with Florida Administrative Code (FAC) and Florida investor-owned utilities.

6. I am being reimbursed only a portion of what I originally paid. Why aren't my original charges just being divided evenly by the number of lots?

The proration schedule / amount is established at the time of the design and construction of the new or upgraded extension and is based upon the total number of customers estimated to be served by the facilities through the three-year period after the in-service date.

7. May I request my reimbursement be credited to my electrical account so I do not have to pay my bill for a few months?

No. The CIAC and monthly electric bill are separate.

8. Can I get an itemized bill?

LCEC considers detailed construction costs to be business confidential to preserve competitive pricing, and therefore we do not provide itemized invoices for construction activities.

9. Can I find out how much reimbursement I could receive if all lots are filled within the three years?

As the initial applicant, you will be provided a proration schedule containing the estimated number of additional customers and the proration amounts.

The True-Up Process:

1. If I elect to request a true-up of my CIAC charges, when should I make the request?

Only the original applicant can request a true-up, and the request must be made within 12 months from the in-service date of the new or upgraded service. Once a true-up is requested, the applicant is required to pay a balance due if applicable, or LCEC will issue a refund if applicable.

- 2. Once the true-up is completed, if it was determined that I owe additional charges, how long do I have to pay these charges? Can I make payments on the balance?**

A CIAC invoice has a "Due Date" for the full balance due. Past-due letters will not be sent and unpaid balances are subject to disconnection of service.

- 3. I am the owner of the home and I paid the CIAC amount to the builder. Why can't I request a true-up?**

The CIAC review is available **only to the initial applicant** who paid the original, full CIAC amount. Please contact your builder. The true-up option is not available to any other applicants who may be required to pay a pro-rata share.