

**PUGET SOUND ENERGY
Electric Tariff G**

**SCHEDULE 85
LINE EXTENSIONS
(Continued)**

- a) The Company will provide the following Margin Allowance for each residence unit initially served:

Type of Residential Customer	Margin Allowance		
	Eff. Date – 12/31/02	1/1 – 12/31/03	Effective 1/1/04
Full-Time	\$1,478	\$1,297	\$1,117
Part-Time	\$739	\$649	\$559

- b) The Margin Allowance may be applied to Normal Construction Costs related to Primary and Secondary voltage line extension costs and costs of overhead or underground distribution transformers, but shall not be applied to any other distribution facilities costs, e.g., costs associated with permitting, trenching, backfill, or restoration. Unused Margin Allowances are not refundable and shall not be applied to other uses, sites, or times, including the cost of construction of other facilities (such as facilities of a different Secondary voltage or to serve an adjacent structure).
- c) No Margin Allowance is provided for the construction of Secondary voltage service line facilities.
- d) In the event that construction costs or projected operation or maintenance costs or consumption are significantly different from the standard amounts, the Company may utilize the electric Financial Investment Analysis (FIA) model to determine the costs and Margin Allowance.
- e) The Margin Allowance may not be applied to costs of conversion to underground facilities, modification of existing facilities, or Customer requests to replace existing facilities that are sufficient to serve the Customer's load.
- f) The Margin Allowance is available only to offset the costs of facilities used (in the sole judgment of the Company) to provide service to a point at which the Company has the Operating Rights (as described herein) necessary to extend the line to serve additional Customers.
2. Non-Residential Customers
The Company will construct new distribution facilities, including Primary and Secondary voltage line extension facilities and line transformers subject to the following terms.

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- a) Non-Residential Customers will receive a Margin Allowance credit based upon the anticipated distribution margin and the Company's estimate of forecasted electricity usage. Credits applicable January 1, 2003, and thereafter, under Section 17), Additional Terms of Service, shall be based upon the anticipated distribution margin and the Company's estimate of one year's forecasted annual electricity usage. (The forecast shall reflect the assumption that the Customer's facilities comply with but do not exceed energy-efficiency specifications of applicable building codes; i.e., the Margin Allowance will not be reduced if the Customer's facilities are designed to exceed code minimum energy efficiencies.) In the event that a Customer is expanding at an existing location, the credit will be limited to the incremental consumption. The Margin Allowance will be determined in accordance with the following schedule:

Margin Allowance -

<u>Class of Non-Residential Service</u>	<u>Eff. Date – 12/31/02</u>	<u>1/1 12/31/03</u>	<u>Eff. 1/1/04</u>
Schedule 24*	2 X Revenue	\$0.10860	\$0.076430
Schedules 25, 29*	2 X Revenue	\$0.10300	\$0.063648
Schedule 26*	2 X Revenue	\$0.08893	\$0.050697
Schedules 31, 35*	2 X Revenue	\$0.07128	\$0.031436
High Voltage Service	\$0.00	\$0.00	\$0.00
Special Contract Service	\$0.00	\$0.00	\$0.00
Outdoor Lighting Service	\$0.00	\$0.00	\$0.00

*Or Equivalent, i.e., Time of Day Schedule if the customer is on or opts-in for Time of Day Schedule, or Residential/Farm Schedule

- b) The Margin Allowance can be applied to Normal Construction Costs related to Primary and Secondary voltage line extension costs and cost of distribution transformers, but shall not be applied to any other distribution facilities costs, e.g., associated with permitting, trenching, backfill, or restoration. The Margin Allowance does not apply to any necessary construction of transmission facilities, substations, dedicated feeders, or other facilities dedicated to the Customer requesting service. Unused Margin Allowance is not refundable and shall not be applied to other uses, sites, or times, including the cost of construction of other facilities (such as facilities of a different Secondary voltage or to serve an adjacent structure).

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- c) Margin Allowances up to a maximum of \$75,000 may be applied to offset initial construction costs. The balance of the Margin Allowance will be refunded as a distribution credit ("Distribution Credit") based on each kWh purchased starting at the first regular meter reading date one year after permanent service is established. The maximum period for the Distribution Credit is four years and the maximum refund will be determined by the actual allowable construction costs, less the amount applied in the initial offset.

At Company's discretion, Company may enter into a security agreement for the Company to offset construction costs in lieu of and in the forecasted amount of the Margin Allowance credits provided in section 2(a), but not to exceed the amount of the construction costs, with any Customer whose line extension exceeds \$75,000. Such security agreement shall provide for the Customer to pay the positive difference between the amount of the offset to construction costs provided under this paragraph minus the amount of the Distribution Credit Customer would have received based on its actual load during the maximum period specified in section 2(c). A security agreement may, at the Company's discretion, be a guarantee by Customer to pay the refundable portion of the line credits, a letter of credit, or other financial assurance acceptable to Company.

Any payment of refundable up-front construction costs is a customer deposit against future distribution credits and the Company shall pay interest at the Commission-approved rate while such deposit is held.

- d) No Margin Allowances provide for the construction or connection of Secondary voltage service line facilities or for facilities on the Customer's side of a Primary voltage meter.
- e) The Margin Allowance may not be applied to costs of conversion to underground facilities, modification of existing facilities, or Customer requests to replace existing facilities that are sufficient to serve the Customer's load. However, the Margin Allowance may be applied to costs related to modification of existing facilities when the Customer is adding new load or requesting three phase service where such service is not available, subject to the conditions in this schedule.
- f) The Margin Allowance is available only to offset the costs of facilities used (in the sole judgment of the Company) to provide service to a point at which the Company has the Operating Rights as described in this schedule necessary to extend the line to serve additional Customers.

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- g) Where a Customer will have little or no initial load or where kWh use is difficult to assess, the Company, in its sole judgment, may agree with the Customer to calculate and refund the Margin Allowance (subject to the limitations in this schedule) at a date up to two years after the line extension is energized.

Primary and Secondary Voltage Line Extension Costs

1. The Customer is responsible for all permitting, trenching, excavation and restoration required for the installation of the Company's underground (UG) electric facilities.
2. PSE will provide electric line extensions for Single-Family Residences under the following standardized fee schedule:

Component / Type of Line Extension	Charge (\$ / foot)
Single Phase UG	\$18.20 / foot
Single Phase OH	\$29.48 / foot

However, the Company shall charge the Customer actual construction costs in the event that the residential Customer requires or requests three-phase service or requests a modification of Company facilities.

3. a) The Company shall install underground line extensions using surface mounted transformers within platted new residential developments with an average lot size of one (1) acre or less and serving Single-Family Residences under the following standardized fee schedule.

Component / Type	Charge (\$ / center-line foot)
Single phase in the right-of-way	\$27.86

- b) The Company shall install underground line extensions using surface mounted transformers within platted new residential developments with an average lot size of greater than one (1) acre and serving Single-Family Residences subject to the Customer paying an estimated charge to provide such service. If Secondary voltage service is not provided to each lot corner, the cost of extending Secondary voltage service to the lot corner (including transformer cost) will be subtracted from any Margin Allowance available to the Customer.

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- c) The Company shall charge the Customer actual construction costs in the event that the residential Customer requires three-phase service or requests a modification of Company facilities.
4. Construction or modification of Non-Residential distribution facilities shall be subject to the Customer paying an initial estimated charge trued-up to actual construction costs if the actual cost is less than or greater than the initial estimated charge by more than ten percent (10%) of the estimate.
5. Customers served at Secondary voltage will be required to purchase primary transformation from the Company under to the following fee schedule:

Service Type	Residential Charge (per service panel amp)
Single Family Overhead	\$1.30
Single Family Pad Mount	\$1.65
Multi-Family OH (5 or more units)	\$0.35
Multi Family Pad Mount (5 or more units)	\$0.60
Non-Residential	Company cost*
* Including direct overheads	

Customers requiring total underground transformers (TUT) or reduced flammability minipad transformers (RFMT) (or any other specialized transformer) will be required to pay the full cost (including overheads) for such facilities. In addition, when a TUT is installed, the Customer must pay the present value of the incremental administrative and maintenance cost associated with the TUT calculated over a forty year period; such maintenance costs shall include the cost of one transformer replacement in year 21. When an RFMT is installed, such costs shall include the cost of one transformer replacement in year 21. Costs of TUT, RFMT or other specialized transformers shall not be reduced by the Margin Allowance.

6. In the event that costs (including, but not limited to, construction, operation, maintenance and future replacement costs) are significantly different from the standard amounts, the Company may utilize the electric FIA model to determine the costs and Margin Allowance.

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Secondary Voltage Service Line Costs

1. Residential Secondary Voltage Services

- a) The Customer is responsible for permitting, trenching, backfill, conduit under driveways and similar obstructions, and restoration, all to the Company's specifications, for all underground electric service line facilities.
- b) Customers requesting new underground service in a single-family residential plat are responsible for providing and installing conduit which meets the Company's requirements from the point of connection to the Company's Secondary voltage system to the meter base.
- c) Service lines up to 250 feet will be provided by the Company according to the following fee schedule. The cost for service lines over 250 feet will be based upon Company costs. Service lines are measured from the property line along the path of construction to the Point of Delivery. Except, when converting a service line from overhead to underground, the new service line is measured from the point of connection to the Company's distribution system (often the transformer) to the Point of Delivery.

<u>Service Type</u>	<u>Job Charge</u>
OH From OH Distribution	\$494
UG From OH Distribution	\$644
UG From UG Distribution	\$431

2. Non-Residential Secondary Voltage Services

- a) **Underground Service:**
The Customer shall be responsible for ownership and operation of all underground services and for all costs for installation, maintenance, and replacement thereof.
- b) **Underground Service Connection Charges:**
Connection of Customer-owned underground services to Company facilities shall be subject to the Customer paying an estimated charge based on the Company's cost of making the connections(s). Such charge shall not be reduced by the Margin Allowance credit.

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3. Overhead Service Lines

The Company will provide single phase overhead services less than 250 feet according to the following fee schedule.

<u>Service Type</u>	<u>Job Charge</u>
Single Phase Overhead less than 250 feet	\$494
Three Phase Overhead Services and Single Phase Overhead Services 250 feet or greater shall be charged based upon the Company's estimated construction costs.	

Customer Line Extension Costs - Payment Options

1. New Residential Customers
Reserved

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New Residential Customers (Continued)
Reserved

2. New Residential Plats

Developers constructing new single-family residential plats shall pay all line extension charges in advance or shall provide a letter of credit, contractor's bond, or other credit instrument in form and substance satisfactory to the Company. Interest shall be charged and collected by the Company in advance, based on the term of the applicable credit instrument. Interest shall not be refundable. The interest rate shall be equal to the prime interest rate published in the *Wall Street Journal* on the date the credit instrument is issued or entered into for the benefit of the Company. The full amount of the remaining balance shall be immediately due and payable by the Customer upon the expiration or earlier termination of the applicable credit instrument. The maximum term of any credit instrument shall be five years. The Margin Allowance shall be available to each new residential Customer within a single plat for the first five consecutive years after the plat is energized and shall be provided on a per-Single-Family-Residence basis after the permanent hook-up of such Customer's Single-Family Residence.

3. Non-Residential Customers

All estimated construction costs in excess of the Margin Allowance credit shall be paid to the Company by the developer or owner in advance of construction. If the actual costs of construction are more or less than the estimated costs by more than 10% of the estimated costs and if the actual costs of construction differ from the estimated costs by at least \$1,000, the Company shall refund the excess payment to the Customer or bill the Customer for the underpayment.

4. Adjustment of Customer Payments for Federal Income Tax

In the event that any payment to the Company for service under this schedule that is deemed by the Company to subject the Company to taxation under Internal Revenue Service regulations, the amount of such payment shall be adjusted for taxes in accordance with Schedule 87.

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5. Design Costs

In the event that the Company estimates that design costs for any line extension (including, but not limited to, the cost to provide an estimate of costs for the line extension) will exceed \$500, or such higher amount as the Company may indicate, such design costs must be paid in advance by the Customer. If the line extension is constructed within twelve months, the Company shall refund to the Customer the amount of the design costs if such amount is less than the Customer's Margin Allowance pursuant to this schedule. If the line extension is not built, or the Customer requests the Company to redesign the line extension, design costs shall be non-refundable. Any line extension engineered at a Customer's request but not constructed by the Company within one (1) year following such request shall be deemed to be canceled. The Company may bill the requesting Customer for the costs of engineering any canceled work.

Refund Policies

A Customer that has paid for a new primary voltage line extension shall, under limited circumstances, be entitled to a refund if a different Customer subsequently permanently hooks up to the line extension facilities within five years following energization of the facilities. Such refund shall be calculated based on the rates in effect at the time the line extension was installed.

- a) Refunds shall not apply to charges for line transformers, substations, feeders constructed for dedicated purposes, and any transmission facilities or to any other charges under this schedule that are not eligible to be offset against the Margin Allowance.
- b) Customers are responsible for making all refund requests. Refund requests must be made within six years of the date on which the facilities installed under this schedule are energized. The Company shall process refunds associated with plats on an annual basis only, commencing with the first anniversary of facilities energization for the five (5) year eligibility period. Refunds, other than refunds associated with plats, may be requested one time within the five (5) year eligibility period.
- c) Refunds shall be based upon the five-year distribution incremental margins of the subsequent Customer. Incremental margins are based upon distribution margins paid by the subsequent Customer, less costs paid by the Company to construct primary distribution facilities (including, without limitation, primary transformers) for the subsequent Customer.
- d) In no case shall refunds paid to the Customer exceed the amount of line extension construction costs paid by the Customer which are refundable under a) above.

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- e) Refunds associated with line extensions for residential property not in platted new residential developments shall be made to the existing property owner.

Additional Terms of Service

- 1) **OWNERSHIP OF FACILITIES:** The Company shall own, operate, and maintain all electric distribution facilities installed by or for the Company under this schedule.
- 2) **UNUSED FACILITIES:** If a Customer fails to commence using line extension facilities within one year from the date of installation, the Company may bill the Customer for all costs and expenses incurred by the Company in connection with such facilities. Facilities constructed for a Customer(s) but not used for a continuous five-year period shall be classified as unused. Unused facilities may be removed by the Company. The Customer shall not be given any credit against reconstruction costs should line extension facilities be required subsequent to such removal.
- 3) **OPERATING RIGHTS:** All legal rights necessary, in the Company's sole judgment, for the construction, operation, repair, and maintenance of all electric facilities installed pursuant to this schedule, including, without limitation, rights of access over, under, across, or through real property, including real property not owned by the Customer ("Operating Rights") shall be obtained by the Customer for the Company prior to the commencement of construction of such facilities. Operating Rights shall be evidenced by one or more written instruments in form and substance satisfactory to the Company. Where a Margin Allowance is to be applied toward the cost of line extension construction pursuant to this schedule, Operating Rights shall include, but not be limited to, the right of the Company to extend electrical facilities across, over, under, or through the Customer's property to connect additional Customers to the Company's electric system. The Company shall not be required to provide service, and may interrupt or discontinue service, if all or any portion of its facilities or Operating Rights are taken through the exercise of the power of eminent domain or are taken under threat thereof or are otherwise lost, terminated, or canceled. Where Operating Rights are subject to fee, the Customer shall be responsible for payment of such fee. Where zoning or other land use regulations allow for limited or zero set-back of structures from the property line, thereby leaving inadequate space for the Company's equipment that is usually installed on private property, the Company, in its sole discretion, may request that the space and rights be within the structure and meet the Company's specifications.
- 4) **EASEMENTS - PLATS:** When an underground electric distribution extension is to be installed in a platted tract, the owner thereof shall, as a condition to service under this schedule, grant a utility easement to the Company for all facilities to be installed within the plat

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and shall also record with the plat a restrictive covenant (in a form acceptable to the Company) providing that all permanent electric utility service lines shall be underground.

- 5) **EXTENSION FACILITIES AND COST:** The Company, in its sole judgment, shall determine the appropriate location, design, phase, voltage, and capacity for the line extension or service line installed pursuant to this schedule and, where applicable, the Company shall determine line extension costs using its own cost estimating system in conjunction with sound engineering practices.
- 6) **LEAST COST DESIGN:** The Company shall determine the location of a Customer's service and meter locations in accordance with Company standards and least cost design principles. Any additional expense incurred by the Company resulting from a different service or meter location requested by the Customer shall be the responsibility of the Customer.
- 7) **TEMPORARY SERVICE:** This schedule does not apply to temporary service. Such service is subject to the provisions of Schedule 80 in this tariff.
- 8) **TRENCHING –** For underground service, the Customer, owner, or developer shall
 - (a) provide all necessary trenching, including, but not limited to, any or all of the following, whether in public rights-of-way or on private property: breakup of sidewalks, driveways, street surfaces and pavements; disturbance or removal of landscaping; excavating for vaults; trenching for ducts or cable; shoring, flagging, barricading and backfilling; installation of concrete structure around ducts (if necessary); compaction; and restoration of public rights-of-way and private property after accomplishing any of the foregoing; all in accordance with the Company's specifications applicable thereto, or (b) contract with the Company to provide such work at the Company's estimated costs (including overheads). Payments to the Company for such work shall not be refundable.
- 9) **CLEARING AND GRADING:**
 - a) It shall be the property owner's, developers, or Customer's responsibility to provide a route for construction that is to final grade, free of all obstructions, and along which all rights-of-way easements, and property lines are clearly and accurately delineated.
 - b) The property owner, developer, or Customer shall provide written notice to the Company that the provisions of 9)a) have been complied with prior to commencement of installation of the line extension. The property owner, developer, or Customer shall be responsible for the cost of relocating the facilities installed under this schedule if due to a change in grade within five (5) years of the date the facilities were installed if such

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grade change is due to errors, omissions or changes by the property owner, developer or Customer.

- 10) **GOVERNMENTAL AUTHORITY:** The manner and type of construction of any extension of the Company's distribution system shall be subject to applicable governmental authority or law, and any increase in costs resulting therefrom and not reimbursed by an agency of the government or other person or entity shall be paid by the Customer(s), property owner, or developer served by such extension.
- 11) **POINT OF DELIVERY**
- a) For overhead or underground Primary voltage systems, the Point of Delivery and metering shall normally be at a point on the property line of the premises to be served that is, in the Company's judgment, most conveniently located with respect to the Company's transmission or distribution facilities. The Company shall provide Primary metering facilities, and the incremental cost of such facilities in excess of Secondary metering facilities shall be included in the total costs to provide service under this schedule, and shall not be subject to offset against any Margin Allowance. The Customer shall install, own, and maintain all facilities on the Customer's side of the Primary metering facilities.
 - b) For underground service at Secondary voltages to Non-Residential Customers, the Point of Delivery shall be at (i) the load side of the transformer or secondary handhole if located on the private property being served or (ii) the property line if the distribution facilities are located on a public right-of-way. The transformer, handhole, or secondary connection location shall be at the point that is, in the Company's opinion, most conveniently located with respect to the Company's distribution facilities. The Customer shall install, own, and maintain all Secondary facilities beyond the transformer or Secondary handhole, except for metering equipment provided by the Company.
 - c) For underground service at Secondary voltages to Residential Customers, the Point of Delivery shall be at the Company side of the Customer's meter base, except, when the Company provides, owns and maintains metering transformers, the Point of Delivery shall be at the Customer's side of such metering transformers. Circuitry between the metering transformers and the Customer's meter base and the meter shall be provided, installed and maintained by the Company.
 - d) For overhead service at Secondary voltages, the Point of Delivery shall be at a point where the Company's and the Customer's circuitry interconnect on the outside of the structure to be served and that is, in the Company's judgment, most conveniently

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located with respect to the Company's distribution facilities. The Customer shall install, own, and maintain all Secondary facilities beyond the Point of Delivery, except for metering equipment and metering circuitry provided by the Company.

- e) Any cost for service to a Point of Delivery requested by a Customer in addition to the costs contemplated in this schedule shall be paid by the Customer in advance of construction, and such amounts shall be in addition to any other amounts the Customer may be required to pay in accordance with this schedule and shall not be subject to offset against any Margin Allowance.
- 12) **VOLTAGE FLICKER:** Voltage flicker is a momentary fluctuation in the voltage at the Point of Delivery caused by motor starting currents, switching currents or fault currents that exceed the Company's voltage limits under stable operating conditions. The Company is responsible to provide service where the voltage does not deviate beyond certain standards with loads operating under stable conditions. Customers must control or operate their equipment in such a way that its motor starting and operating characteristics will not cause an instantaneous voltage drop of more than four percent of the standard voltage as measured at the Point of Delivery . Should a Customer's existing or planned equipment cause voltage flicker beyond Company limits at the Point of Delivery or at any other Customer's Point of Delivery , the Customer must either install sufficient controls on equipment or reimburse the Company its costs of reducing voltage flicker to within Company limits.
- 13) **CUSTOMER PROVIDED FACILITIES:** When the Customer provides or installs any portion of the facilities to be owned by the Company that are described in this schedule, the cost of inspection of the facilities and/or their installation shall be included in the Company's costs to provide service under this schedule. If such facilities and/or their installation are included in the charges to Customer under this schedule, such charges shall be adjusted based on the facilities installed and/or provided by the Customer. Any such provision of facilities and/or installation by a Customer, shall be subject to approval by the Company and the Company has no obligation to allow such provision of facilities and/or their installation.
- 14) **CUSTOMER UNABLE TO ACCEPT SERVICE:** If the Company shows up to a scheduled appointment to install a line extension or service line and the Customer has not complied with Company specifications, such as having the construction route cleared and to grade,

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providing trench, or obtaining necessary inspections or permits, the Customer may be charged a penalty of \$250.00.

- 15) SCHEDULE 87: The installation of facilities under the provisions of this schedule shall be subject to the provisions of Schedule 87, Income Tax Rider.
- 16) GENERAL RULES AND PROVISIONS: Service under this schedule is subject to the General Rules and Provisions contained in this tariff.
- 17) IMPLEMENTATION OF MARGIN ALLOWANCE CHANGES: Margin Allowances under this schedule change over time. The first time period is from the effective date of this revision of Schedule 85 until December 31, 2002. The second time period starts January 1, 2003, and ends December 31, 2003. The final time period begins January 1, 2004, and continues until a change is filed with and approved by the Washington Utilities and Transportation Commission.

In order to qualify for the Margin Allowance for a specific time period the Customer or applicant:

- a) must submit a complete written application for service within the time period, and
- b) make any required payment in full within ninety (90) days of the Company's request for such payment, and
- c) the work required by the Company to complete the line extension must be able to be started when scheduled by the Company and such scheduled start date must be within ninety (90) days following payment by customer (unless delayed by the Company), and
- d) work by the Company shall be continuous until completed, unless interrupted or delayed by the Company, and
- e) the Customer or applicant must begin using service as described in the application for service within ninety (90) days of completion of work by the Company.

Should any of the above conditions not be met, the Margin Allowance available for the time period during which letter e) above occurs will apply. Delays caused by the Company in completing engineering or construction shall not cause the Customer to be subject to the Margin Allowance of a subsequent time period.

A complete application means that the Customer or applicant has supplied the Company all necessary information so that the Company is able to complete design and engineering of the line extension.

Substantial changes requested by the Customer which require the Company to re-design or re-engineer the line extension will be considered a cancellation of the application for service

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and submittal of a new application and the Margin Allowance shall be based on the date of that new application.

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