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| SCHEDULE 85 |
| LINE EXTENSIONS AND SERVICE LINES (Continued) |

1. New Non-Residential Service

The Company will construct new distribution facilities, including Primary and Secondary voltage line extension facilities and line transformers but not including Service Lines, subject to the following terms.

1. Applicants for Non-Residential service 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 Applicant’s facilities comply with but do not exceed energy-efficiency specifications or applicable building codes; i.e., the Margin Allowance will not be reduced if the Applicant’s facilities are designed to exceed code minimum energy efficiencies.) In the event that an Applicant (other than an Applicant or Customer that will be or is served under Schedule 7) is increasing load at an existing location, the Margin Allowance will be limited to the incremental consumption. An Applicant or Customer that is increasing load at an existing location and receiving Electric Service under Schedule 7 will receive no additional Margin Allowance. The Margin Allowance will be determined in accordance with the following schedule:

|  |  |
| --- | --- |
| Class of Non-Residential Service | Margin Allowance |
| Eff. 1/1/04 | Eff. 9/1/15 |
| Schedule 7 | \*\* | \*\* |
| Schedule 24\* | $0.076430 | $0.142411 |
| Schedules 7A, 25, 29\* | $0.063648 | $0.105302 |
| Schedule 26\* | $0.050697 | $0.072948 |
| Schedules 31, 35\* | $0.031436 | $0.078955 |
| High Voltage Service | $0.00 | $0.00 |
| Special Contract Service | $0.00 | $0.00 |
| Outdoor Lighting Service | $0.00 | $0.00 |

\*Or Equivalent, i.e., Residential/Farm Schedule

\*\*Same Margin Allowance as for New Residential Service in 1.a) above

1. 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 providing service to the Premises where Electric Service is requested or improving the reliability of Electric Service to the Premises. 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).