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CAUTION: Any hard copy reproductions of this Business Practice should be verified against the on-line system for current revisions.

1 PURPOSE

The focus of this business practice is the relocation of existing distribution utility plant and related equipment as a result of ATC initiated transmission construction work, or relocation of existing transmission assets as a result of LDC initiated distribution work, at a substation.

- ATC will be responsible for the costs associated with the relocation of distribution facilities in substations, made necessary by ATC initiated construction work, excluding any costs specifically identified as the responsibility of the local distribution company (LDC) in other ATC business practices or otherwise agreed to by both parties.
- ATC will not reimburse a distribution utility for relocation costs resulting from transmission work that is initiated by the distribution utility.
- LDC will be responsible for the costs associated with the relocation of transmission facilities in substations, made necessary by LDC initiated construction work except excluding any identified as the responsibility of ATC in other ATC business practices or otherwise agreed to by both parties.

2 SCOPE AND APPLICABILITY

In order to accommodate the installation of ATC facilities that are part of the ATC's transmission work, existing used and useful substation distribution utility plant and related equipment may need to be physically relocated. If existing substation distribution utility plant and related equipment need to be relocated as a result of ATC transmission work at the substation, ATC will reimburse the affected distribution utility for the costs associated with the physical relocation of those distribution facilities affected, excluding any costs associated with transmission to distribution transformer replacement or other equipment replacements required on the distribution system to accommodate a voltage conversion as set forth in the Voltage Conversion Cost Allocation Business Practice.

Incremental costs of the betterment of the existing distribution utility plant and equipment is the cost responsibility of the LDC. Costs associated with common facility improvements and/or modifications required by ATC's proposed activities or an LDC's activities are specifically excluded from this business practice. Common Facilities expansions and/or improvements/modifications are to be treated in accordance with ATC's Common Facilities Business Practice. Cost reimbursement associated with the physical relocation of distribution utility plant outside of substations should refer to ATC's Pole Attachment Agreement.

Any costs that will be reimbursed to the distribution utility must be pre-approved by ATC in writing, in advance of construction and referenced by item in an agreement in order to be eligible for reimbursement. For Affiliates, ATC would write a Request for Service (RFS) detailing requested work per the terms of the Project Services Agreement (PSA). ATC will reimburse either the cost of relocation or the cost of replacement; whichever is less (See Appendix A). Removal costs will be reimbursed at a rate equal to the actual costs associated with the removal of the existing distribution utility plant and equipment less any salvage value.

When transmission assets need to be relocated or replaced in support of a distribution driven project at a substation, the LDC will reimburse ATC for relocation or replacement costs similar to the process outlined above. In this instance, the Affiliate would write a Request for Service (RFS) for the requested work.

For transactions between Affiliates, reimbursement costs in excess of \$4M may require prior regulatory approval and/or an Affiliated Interest Agreement. Reimbursement costs less than

\$4M will be addressed through the Project Services Agreement (PSA) by writing a Request for Services (RFS).¹

3 ROLES AND RESPONSIBILITIES

External Affairs' executive administrator is responsible for maintaining this business practice.

Any External Affairs personnel who is the author of an External Affairs business practice will utilize this template as a starting point for its creation.

4 ADDITIONAL INFORMATION

ATC will continually strive to work with its customers to expedite:

- (1) Advance communication of the potential to affect substation distribution utility plant and related equipment
- (2) The negotiation of agreements and itemization necessary to support reimbursement, and
- (3) The reimbursement for existing substation distribution utility plant and equipment being relocated to accommodate ATC facilities being installed as part of transmission system changes and improvements.

5 DOCUMENT REVIEW

This template will be reviewed and revised as necessary no less than every three years.

6 RECORDS RETENTION

In this "Records Retention" section, state the required retention schedule for any and all records originated through the process(es) described in the procedure.

Previously published versions of this template will be retained [[DURATION?]]

7 REVISION INFORMATION

In this "Revision Information" section, provide a timeline summary of all documents revisions, with the most recent revision shown first.

Version	Author	Date	Section	Description
1.0	Mike Burow	10-02-2015	Specific section revised	Brief summary description of changes
0.0		03-16-2004	All	Original

¹ Refer to September 1, 2009 PSCW order 5-AE-153 for RFS process and July 20, 2010 PSCW acceptance letter (ERF reference number 139696) for revised RFS forms.

APPENDIX A – Examples of Calculation of the Lesser of relocation or replacement cost

Make Ready Cost Reimbursement

Exhibit 1

Examples of Calculation of the Lesser of relocation or replacement cost

		<u>Relocation Cost Estimate</u>	<u>Replacement Cost Estimate</u>	
Replacement Costs	Cost to install a new item	Materials	\$ 200	\$ 80
		Labor	\$ 50	\$ 20
		Overheads	\$ 60	\$ 35
		AFUDC	<u>\$ 10</u>	<u>\$ 5</u>
		Total cost to install the new item	<u><u>\$ 320</u></u>	<u><u>\$ 140</u></u>
	Net cost to remove old item	Labor & Miscellaneous	\$ 25	\$ 10
		Salvage on old item	<u>(45)</u>	<u>(50)</u>
		Net cost to remove old item	<u><u>\$ (20)</u></u>	<u><u>\$ (40)</u></u>
		"Replacement cost"	<u><u>\$ 300</u></u>	<u><u>\$ 100</u></u>
	Relocation Costs			
Labor & Miscellaneous		<u><u>\$ 35</u></u>	<u><u>\$ 120</u></u>	
ATC reimbursement (lower of relocation or replacement cost).		<u><u>\$35</u></u>	<u><u>\$ 100</u></u>	