

"Owned By Those We Serve"

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## Gunnison County Electric Association, Inc.

37250 Hwy. 50 • P.O. Box 180  
Gunnison, CO 81230



March 5, 2014

Arrowhead Improvements Association, Inc.  
PO Box 89  
Montrose, CO 81402

Re: Arrowhead Subdivision Service Connections

Dear Members of the Board:

Gunnison County Electric Association (GCEA) has provided free service connections to the owners of lots in portions of the Arrowhead subdivision for many years. This unique and unusual situation arises from an agreement dated November 1, 1984 between GCEA and the developer.

GCEA has recently reviewed this arrangement and has determined that it violates section 40-9.5-106(2) of the Colorado Revised Statutes, which provides in pertinent part as follows:

No cooperative electric association, as to rates, charges, service, or facilities or as to any other matter, shall make or grant any preference or advantage to any corporation or person or subject any corporation or person to any prejudice or disadvantage. No cooperative electric association shall establish or maintain any unreasonable difference as to rates, charges, service, or facilities or as to any other matter, either between localities or between any class of service.

The provision of free service connections to owners in the Arrowhead subdivision constitutes the granting of a preference or advantage to the Arrowhead subdivision owners that GCEA does not and cannot provide to the other consumers it serves. Under GCEA's line extension policy, consumers who require a service connection are required to pay the actual construction cost of the service connection in excess of a construction allowance.

Although the 1984 Agreement allowed GCEA to terminate it any time after December 31, 1993, GCEA continued to provide free service connections to owners of the designated lots of the Arrowhead subdivision for twenty years beyond that date. In light of state law, however, it is apparent that a different line extension policy for the Arrowhead subdivision cannot be maintained.

However, rather than implement an immediate change, GCEA is willing to offer a transition to the standard policy as follows:

1. A construction allowance of \$3,000 per service will be available until March 31, 2015.
2. A construction allowance of \$1,500 per service will be available thereafter until March 31, 2016.
3. Thereafter, GCEA's line extension policy will apply, which currently provides an allowance of \$550 for construction of a year-round service.
4. Where a suitable transformer currently exists, the property owner will be responsible for the cost of running a line from the transformer to a meter pedestal at or near the lot line including all labor and materials less the allowances noted above. In many cases, the meter pedestal can serve two lots and the property owner would only pay half the cost. The property owner will not be charged for the transformer in this situation.
5. Where a suitable transformer does not exist, GCEA will determine the location of the transformer such that it can serve multiple lots and the property owner will pay a pro rata portion of the primary line and transformer based on the number of lots it can serve – usually four. The property owner will also be responsible for the cost, or shared cost where applicable, of the secondary line and meter pedestal. Construction allowances will apply.
6. The property owner, through his/her electrician will be responsible for connecting from the meter pedestal to the building. In some cases, the property owner may be able to save money by having his/her electrician place a meter on the building and connecting directly to the transformer.

GCEA appreciates the opportunity to serve our members in Arrowhead and, in addition to the transition plan described above; we will work with property owners to help them connect to the system at the lowest possible cost.

If you have any questions, please feel free to contact me.

Sincerely,



Mike McBride  
CEO