

General Terms and Conditions for Gas Service

8. Extension Policy

8.01 Extension of Distribution Mains

8.01.01 **Distribution Mains:** The term "distribution mains" is used herein to designate the pipe and other related facilities of Company, excluding service lines, which are located downstream of town border stations or other points where Company determines that the primary function of such facilities is to distribute natural gas among customers as opposed to moving natural gas through transmission lines.

8.01.02 **Extension Requests:** A distribution main extension may normally be requested by a Customer as defined in Section 1.11 Customer or by developers, including but not limited to area developers, construction companies, contractors and similar entities and shall be subject to the customer-related provisions in this Section 8 unless otherwise ordered or approved by the Commission.

8.01.03 **Main Extension Agreement:** Company and requesting party may enter into a Main Extension Agreement regarding terms mutually determined and agreed upon by both parties.

(1) **Economic Evaluation:** Company may conduct an Economic Evaluation of the project to determine whether extension is of Ordinary or Extraordinary in nature. The evaluation will consider 10 year revenues determined using rates approved by the Commission in the Company's most recent general rate case, projected usage or extension footage, and total estimated project costs as determined by the Company.

(2) **Ordinary Extensions:** A project that is reasonably expected to provide the Company with 10 year revenues equal to or greater than the estimated cost of construction shall be considered an Ordinary Extension for the purpose of determining required contribution amounts and/or whether there is a potential for refunds.

(a) Company will make ordinary extensions of its distribution mains as and when necessary to serve prospective customers and located within the corporate limits of a city or suburban area adjacent thereto, or within unincorporated communities.

(b) The Ordinary Extension Allowance shall be the length of the extension but no greater than 100 feet per customer served.

(c) The Ordinary Extension Value shall be the Ordinary Extension Allowance times the per foot cost of the distribution main project,

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described, it shall be understood that such contribution is based on estimated costs.

- (3) Company reserves the right to modify such contribution after actual costs become known. The term "estimated cost" as used herein will be the estimated cost for materials, labor and work equipment required, plus Company's related overheads. A copy of Company's estimate showing the costs of labor, overheads and material required to perform the work hereunder will be furnished to Customer upon request prior to construction.

8.01.05 **Contribution Refunds:** The type and amount of refund for Construction Contributions shall be defined and administered according to terms agreed upon in the Main Extension Agreement, if applicable.

- (1) Refunds will be calculated as follows:

- (a) As typical for residential developments, Construction Contributions as established in the Main Extension Agreement will be divided by the footage of the project to determine cost per foot. The amount of the refund will equal the cost per foot times the Ordinary Extension Allowance of 100 feet. For example:

Where A = construction cost; B = project footage;
and C = 100 foot Ordinary Extension Allowance

$$A/B \times C = \text{refund amount per active connection}$$

The amount of the refund shall not exceed the Construction Contribution paid to the Company for Ordinary Extensions.

- (b) Or, as typical for non-residential developments, if actual annual usage is equal to or greater than estimated usage stated in the Main Extension Agreement, the amount of the refund is calculated as follows:

Estimated annual usage multiplied by the contract term in years = total usage in Mcf, then

Estimated construction cost divided by total usage in Mcf = amount of refund per Mcf of actual usage.

Construction Contributions are eligible for partial refund if the actual annual usage is less than the estimated annual usage as outlined in the Main Extension Agreement. The amount of the partial refund will be determined by considering actual usage

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proportionate to the estimated usage requirement outlined in the Main Extension Agreement.

The amount of the refund shall not exceed the Construction Contribution paid to the Company for Ordinary Extensions.

- (2) **Binding Choice:** A customer, having once selected a potential refund option, shall not be allowed to change to another methodology.
- (3) **Refund Requests:** Refunds for construction contributions shall be made to the party who paid the contribution.
 - (a) It shall be the responsibility of the party who made the construction contribution to request Company to calculate and issue a refund.
 - (b) The requesting party shall have 60 days from the expiration of the calculation period designated in the Main Extension Agreement to request a refund.
 - (c) Refunds will be issued within a period of 7 years from the date of a Main Extension Agreement for active connections to the extension and not to a further extension.
- (4) **Total Refunds:** At no time shall the aggregate refunds exceed the advance payment.
- (5) **Unrefunded Contributions:** Any portion of a construction contribution remaining after 7 years from the date of the main extension agreement shall become a nonrefundable contribution in aid of construction and no additional extension allowances from Company will be applicable to the extension.
- (6) **Confidential Information:** Company shall maintain the confidentiality associated with a Customer’s usage, pursuant to Section 1.08 Confidentiality. The Customer may, at its sole discretion, provide Company with a signed affidavit permitting Company to release such information to the party who made the construction contribution, although Company shall have no responsibility to secure such affidavit from a Customer. In the absence of such authority, any disputes shall be presented to the Commission for resolution.

8.01.06 **Customer's Guarantee:** Company shall not be obligated to make any extension of its distribution system unless Customer executes a contract in writing with suitable guarantees that Customer will use the service for at least one year, or unless the owner of the property served by such extension or some other responsible person shall guarantee that the service will be used

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at the proposed locations of Company's mains. Free and safe access to and through such streets and alleys must be provided.

8.01.10 **Service Lines:** Company's investment in Service Lines and provisions for leak surveys and maintenance are included in Subsection 7.04 Service Lines and Yard Lines.

8.01.11 **Extensions to be Property of Company:** All extensions made under these rules shall at all times be and remain the property of Company.

8.01.12 **Other Restrictions:** Distribution mains will not be extended unless Company is certificated by the Commission to provide service in the area or Company possesses a waiver from the gas utility holding certification for the area. The character and type of the main extension and its route shall be decided by Company.

8.02 **Service from Transmission Lines**

8.02.01 **Transmission Taps:** Unless otherwise stated herein, conditions of service to customers served from Company's distribution mains shall be equally applicable to service from transmission lines. New connections for service from Company's transmission lines will be made under the following conditions:

- (1) The point of delivery for utility service shall be located within the boundaries of Company's certificated area as established by the Commission.
- (2) Customer shall be responsible for the installation, operation and maintenance of customer's piping from the outlet of the meter to the point of usage.
- (3) The feasibility and location of transmission taps and related metering facilities shall be determined by Company considering ease of access for installation, meter reading and maintenance.
- (4) Company may charge customer its average actual costs of providing a transmission tap.
- (5) Company may require customer to execute a standard agreement for service from transmission lines.
- (6) If at any time Company desires to change the operation of its transmission lines or to relocate or remove them for any reason and such changes, relocation, or removal would interfere with service to customer, service

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may be discontinued upon approval of the Commission and 90 days written notice to customer.

(7) If service is supplied to a third party through sub-metering from a customer-owned line over which Company has no control, service may be discontinued upon request of customer and Company will not be obligated to provide continued service to the third party nor shall Company be liable for any damages caused by the discontinuance of service.

(8) All construction of buildings within Company's easement is prohibited and the construction of buildings for human habitation within 50 feet of the pipeline is discouraged.

8.02.02 **Transmission Service Limitation:** Although Company shall endeavor to accommodate potential customers requesting service from transmission lines, it is recognized that such requests may be denied due to Company's prior obligation to serve its existing customers, insufficient available capacity, unavailable or substandard gas supply or other operating and safety requirements. However, each potential customer will be given a cost estimate to receive utility service based on Company's line extension policy and Company's sole discretion to select the point of supply.

8.03 **Service from Irrigation Mains**

8.03.01 **Availability of Service:** New or additional service from irrigation mains will be provided from existing Company-owned irrigation mains provided such mains have adequate capacity and pressure to provide the service requested by customer without the installation of additional facilities. If additional facilities are required, they may be added in accordance with Subsection 8.01 Extension of Distribution Mains.

8.03.02 **Additions or Changes to Irrigation Systems:** Customer will contact Company prior to the connection of any additional engines, added horsepower or before making any other changes that might affect capacity and pressure requirements on an existing system or metering facilities. Company shall review customer's request and inform customer whether the requested change in service is available.

8.03.03 **Sub-metering on Privately-Owned Irrigation Gas Systems:** Company shall not be obligated to install sub-metering to provide service from a privately-owned irrigation gas system and sub-metering by customer is not permitted. New residential utility service to a third party will not be provided from customer-owned pipe systems designed for irrigation purposes.

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8.04 **Service to Mobile Home Courts:** Unless otherwise stated herein, conditions of service to customers served from Company's distribution mains shall be applicable to service to permanent-type mobile home courts. Company shall not be obligated to supply service to mobile homes on a temporary, seasonal or short term basis.

8.04.01 **Permanent Court:** A permanent-type mobile home court shall be defined as a development which contains at least one mobile home and provides such features as hard-surfaced driveways, hard-surfaced walkways, underground sewer and water facilities.

8.04.02 **Rights-of-Way:** A mobile home court owner shall obtain and furnish to Company, without charge, all necessary easements and rights-of-way on property owned and controlled by the owner.

8.04.03 **New Mobile Home Court Distribution Systems:** Utility service to mobile home courts shall be provided from Company's distribution system. Company shall install all necessary distribution facilities, including mains and service lines, both inside and outside the property lines of the mobile home court, pursuant to the provisions in Section 8.01. All points of gas usage therein shall be metered and no master metered service shall be allowed.

8.04.04 **Existing Mobile Home Court Distribution Systems:** Company shall not be required to serve mobile homes through customer-owned distribution systems.

(1) Company shall assume ownership and maintenance responsibilities of an existing customer-owned mobile home court distribution system when it is identified or when Company acquires certification to serve the territory in which it is located.

(2) Prior to providing service, Company shall repair or replace existing systems which do not meet applicable construction standards and specifications, pursuant to the provisions in Section 8.01.

(3) All mains, service lines, meters, regulators and other related appurtenances shall be owned, operated, and maintained by Company.

(4) All points of gas usage within the court shall be metered and any master meter assembly removed.

8.04.05 **Service Connections:** Connection of a mobile home to the mobile home court distribution system shall be made in accordance with standards acceptable to Company.

(1) The customer shall install, own and maintain all service connections and other piping from the point of delivery to each usage point.

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- (2) Company may, at its option, locate its meter at a point away from a mobile home pad site served by a mobile home court distribution system. The service/yard line from this meter shall terminate with a rigid pipe rising near but not beneath the mobile home pad site. The point of delivery shall be the outlet of that rigid riser.
 - (3) The connection between the rigid riser or the meter and the mobile home shall be made outside the mobile home with a Company-approved flexible connector not exceeding 6 feet in length.
- 8.04.06 **Customer Billing:** Company shall render a monthly service bill for each meter installed.
- (1) Service to each usage point shall be provided under the rate schedule applicable to the service being rendered.
 - (2) The service bill may be rendered directly to the occupant of a mobile home site according to the provisions of Section 2.02 Application for Service.
 - (3) Bills for service to all other meters installed in the mobile home court shall be rendered to the court operator.
- 8.04.07 **Resale of Service Prohibited:** A mobile home court owner or operator shall not separately charge the occupant of any mobile home for gas service. Such separate charge constitutes a resale of utility service and is prohibited.
- 8.04.08 **Inspection of Facilities:** Service shall at all times be subject to inspection and approval of the conditions of a user's premises, of the mobile home court distribution system and of terminal facilities for the receipt and use of gas utility service.

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