RULE 8
EXTENSION OF DISTRIBUTION FACILITIES

EXTENSIONS OF DISTRIBUTION FACILITIES

If, in the Company's sole opinion, no significant barriers exist, the Company will install, own, and maintain distribution facilities necessary to provide gas service to an applicant who meets the requirements to become a customer and complies with the requirements established in this Rule.

Distribution facilities enabling the provision of gas service to a customer include the Company's gas main and other facilities located in the street or right-of-way and the service line, which is the underground (T)
pipe running from the Company's main to a Company installed meter that abuts the customer's dwelling (T)
or facility. The path of the service line and main to the location of the meter shall be at the Company's (T)
sole discretion.

(K)
LINE EXTENSION COSTS ATTRIBUTED TO CUSTOMER (T)

Line extension costs are the sum of all estimated costs of furnishing and installing the distribution facilities necessary to provide gas service or additional gas supply to a qualified gas customer.

MARGIN ALLOWANCE TOWARD COST OF DISTRIBUTION FACILITIES (C)

The Company will provide a margin allowance toward the cost of distribution facilities to a qualifying new or modified line extension project as described in this rule. In no instance will a Customer be credited a Margin Allowance that exceeds the line extension costs to install the necessary distribution facilities. Specific margin allowance cap limits for each customer class are stated below, but, in general, the maximum potential margin allowance per service installed is based on the NPV of the margin to be received from the customer over a seven-year period based on the following calculation:

$$ALLOWANCE = \sum_{t=1}^{7} \frac{R_t}{(1+i)^t}$$

Where:
R_t = estimated annual margin during year t.
i = Company's approved rate of return, 6.95%. (K)
t = years 1 through 7.

(K)
(C)
(D)
(K) Text formerly on Sheet No. 12 is found on Sheet No. 12-A (N)

(continued)

BY AUTH. OF SECRETARY LETTER DATED 12/1/21 PER ORDER 01, DOCKET UG-210729

RULE 8
EXTENSION OF DISTRIBUTION FACILITIES

MARGIN ALLOWANCE TOWARD COST OF DISTRIBUTION FACILITIES (continued)
Customers taking service on the following rate schedules shall receive an allowance not to exceed:

Schedule	Allowance Cap Limit
503	$1,462
504	$5,774

Interruptible, industrial, large volume, and transportation customers taking service on Rate Schedules 505, 511, 570, or 663 may receive a margin allowance not to exceed the NPV of the margin to be received from the individual customer over a seven-year period based on an independent calculation for each customer. The annual margin used in the calculation above will be the sum of the annual basic service charges plus estimated annual distribution margin (twelve consecutive months of billing revenue minus gas costs) the Company expects it will receive from the customer based on current rates. (T)

Prior to receiving an allowance, an interruptible, industrial, large volume, or transportation customer must complete a customer load summary that, to the best of the customer's ability, accurately defines the gas fired equipment to be installed, and the estimated days and hours of equipment operation. The Company, in its sole opinion, will determine the customer's estimated annual usage, which may not conform to the customer's expectations.

The Company may offer nonresidential customers served on Schedules 511, 570, and 663 the opportunity to pay line extension costs over time through a facility charge; in which case the Company may require the customer to provide an irrevocable letter of credit in the amount not to exceed the line extension costs and for the timeframe not to exceed the payback period, or another form of security as deemed appropriate by the Company.

AMOUNT DUE FROM CUSTOMER
When the allowance is greater than or equal to the line extension costs attributed to the customer, the distribution facilities will be installed at no additional cost to the customer. If the allowance is less than the line extension costs, then prior to the installation of service, the customer must pay the total of line extension costs less the allowance, multiplied by Federal income taxes, as follows:

Amount Due = (Line Extension Costs minus Margin Allowance) * Federal Income Taxes

(continued)

RULE 8
EXTENSION OF DISTRIBUTION FACILITIES

GENERAL CONDITIONS: (M)
The following applies to all applicants or customers requesting new gas service:

(1) The applicant shall grant the Company the right to enter and exit the Customer's property, and to remove (and replace) or otherwise disturb lawns, shrub, or other property on the applicant's premises as reasonably necessary for the purpose of installing an extension. The Company's agents and employees shall have access at all reasonable times for reading, inspecting, constructing, reconstructing, repairing, and removing the Company's meters, metering equipment and natural gas facilities.

2) All necessary right-of-way assignments, easements, and permits across other properties will be secured at no cost to the Company before the Company constructs the line extension. (M)

3) In no instance will a customer be credited an allowance that exceeds the line extension costs to install the necessary distribution facilities.

4) As a condition for obtaining service, the Company may require a residential or commercial customer to complete a customer load summary defining the load requirement that the customer expects to have online by a specified date.

5) The Company will not grant an immediate allowance if the Company, in its sole judgment, determines that the customer's load will not be in service for five years.

6) The Company may deny any extension if, in the Company's sole discretion, conditions relative to the extension indicate that such service will not be of such permanence as to warrant the expenditure required.

(D)

MODIFICATIONS
When an existing customer requests to have his/her distribution facilities modified to accommodate an increased load requirement, the customer will receive an allowance to be applied against the total costs of modifying the distribution facilities. The allowance will be based on the equation on page 1 where R is (T)
the expected annual incremental increase to annual distribution margin (twelve consecutive months of (T)
billing revenue minus gas costs).

A change to a service line, meter, or any Company-owned facilities, where the change is made to suite the customer, shall be at the Customer's expense. *See* Schedule 200 for labor rates.

BY AUTH. OF SECRETARY LETTER DATED 12/1/21 PER ORDER 01, DOCKET UG-210729

(M) Refers to language on Sheet No. 12-B that was previously on Sheet No. 12-A. (N)