

GENERAL SERVICE PROVISIONS (Continued)

13. INSTALLATION OF SERVICE PIPES AND CONNECTIONS (Continued)

- e. When, at the request of a Customer, a special service connection or a service connection of temporary character is made, the cost of the entire connection and removal of same, less the salvage value of the returned material, will be charged to the Customer requesting same.
- f. The Company will own, control and maintain all service pipes, regulators, vents, meters, meter connections valves and other appurtenances from the main to the outlet side of the meter notwithstanding any contributions to the cost thereof made by the Customer.
- g. Contributions by Customers toward the Company's cost of furnishing and installing service pipes in accordance with this section are non-refundable.

14. ECONOMIC EVALUATION OF FACILITIES EXTENSION

- a. The provisions of this section apply only to Customers for original service to a premise not currently or previously served or customers for whom existing facilities capacity is insufficient to supply new demand put upon it and additional investment in facilities to serve those customers is required.
- b. Where it is necessary to extend or enlarge its mains to supply gas service to a Customer or group of Customers, the Company will bear the cost of the necessary extension or enlargement up to the amount determined by the economic evaluation of facilities extension. The remainder of the cost of the extension or enlargement, if any, shall be deposited with the Company by the Customer or Customers desiring gas service. This deposit will not bear interest.

ISSUED: December 23, 2003

EFFECTIVE: For meter readings on and after December 29, 2003

Adrian P. Chapman - Vice President, Regulatory Affairs & Energy Acquisition

GENERAL SERVICE PROVISIONS (Continued)

14. ECONOMIC EVALUATION OF FACILITIES EXTENSION(Continued)

- In no case will the amount refunded exceed the amount of the original deposit. Deposits, calculated with the refund formula, which have not been returned within five years, shall be retained by the Company and credited to the appropriate plant account, provided that deposits made before the original effective date of this provision (September 16, 1991) shall be treated for the purpose hereof as if they were received on the effective date of this provision. If the Company determines it is unable to refund a deposit when due because it cannot locate the party entitled to refund of the deposit, then such deposit shall be retained by the Company and credited to the appropriate plant account. A portion or all of the deposit may be waived by the Company, when in its judgment, a part or all of the extension investment is warranted by the additional revenue expected from Customers to be served from the extension or other related conditions.
- c. When the Company installs a main larger than the minimum size as accords with its practice because of prospective new Customers to be added thereto, the Company will give proper recognition to the additional cost of the larger main in determining costs for the purpose of requiring a deposit.
 - d. When the required extension is of a special or temporary character, the cost of the entire extension and its cost of removal, less the salvage value of the returned material, will be charged to the Customer requiring the special or temporary main extension. Such payments are not refundable.
 - e. When refunds are made involving two or more deposits, the earliest deposit will receive priority. Except as provided in Paragraph b. of this Section 14., all deposits will be refunded in accordance with the terms and conditions in effect at the time they were made. Refunds of deposits may be made whenever, in the opinion of the Company, the use of gas and other related conditions justify such refunds.
 - f. These provisions shall not require the Company to extend its mains across private property or in the streets that are not at established grade.

GENERAL SERVICE PROVISIONS (Continued)

14. ECONOMIC EVALUATION OF FACILITIES EXTENSION(Continued)

- g. The economic test shall be performed in the following manner:

Calculation of the incremental life cycle cost will be performed as described in h. of this section. Calculation of the anticipated life cycle revenues will be performed as described in i. of this section. The amount due will be equal to the difference between (1) the life cycle cost of the extension or enlargement, and (2) the anticipated life cycle revenues as a result of the extension or enlargement, as described in Paragraph i. of this General Service Provision. Refunds of deposits will be provided for the difference between the incremental life cycle cost of the extension or enlargement and the anticipated life cycle revenues to be derived therefrom. For purposes of this General Service Provision the "incremental life cycle" shall be a twenty (20) year life cycle; however, for customers with a projected annual consumption in excess of 500,000 therms, a five (5) year period shall be used for the incremental life cycle. Applicable to all interruptible delivery service customers, with an annual consumption of 500,000 therms or greater, who have converted to firm delivery service; a return to interruptible delivery service will be subject to the following review. If the interruptible delivery service request is made within 5 years of receiving firm delivery service, the Company will determine whether any distribution system enhancement costs, related to the initial conversion to firm delivery service, remain unrecovered. This determination will be made in accordance with the economic test, as defined in paragraphs G, H, I and J and will account for any Customer contribution amounts as well as revenues associated with activity under firm delivery service. Any shortfall that is realized from the economic test will be recovered from the Customer, prior to conversion back to interruptible delivery service.

- h. The incremental life cycle cost of the extension or enlargement will be calculated as the net present value of expense cash flows associated with the plant investment over the project life, including (1) annual operation and maintenance (O&M) expenses, (2) gross receipts taxes, (3) property taxes, (4) tax effects of accelerated depreciation, (5) income taxes, and (6) an appropriate allowance for return of, and return on, capital investment. The O&M expense level will be determined using a two-part factor and will be based on O&M expenses directly attributable to new customer additions and the respective plant investment. Net rate base will be determined as the total investment in the project less accumulated book depreciation and accumulated deferred income taxes. The service line, meter and regulator installation cost is to be determined from either the previous year's average cost for the applicable customer class or from a detailed cost estimate.
- i. The anticipated life cycle revenues as a result of the extension or enlargement will be calculated using currently authorized rates, excluding the Purchased Gas Charge and related gross receipts taxes (resultant "margin"). The estimated annual margins will be determined for each class of customer based on their respective rates and historical usage levels and consumption patterns, unless individual usage levels and consumption patterns are available. All consumption volumes will be adjusted for normal weather. For economic evaluations where the load will require more than one year to develop, annual and monthly consumption data will be determined from total anticipated load. The annual margins will be discounted at the Company's authorized rate of return to determine the net present value of margins.
- j. The difference between (i) and (h) above ((i) minus (h)) is the "net present value". Contributions will be required if the net present value is negative. This required contribution (if any) will be equal to the amount by which life cycle costs must be reduced to equate the net present value of the costs and the net present value of the life cycle margins including an adjustment for taxes.

ISSUED: November 30, 2004

EFFECTIVE: For meter readings on and after December 15, 2004

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