

General Service Provisions (Continued)

- d. In the event the Company is required to install underground facilities in advance of construction or paving for the convenience of a builder or developer, said builder or developer may be required to deposit with the Company a sum equal to \$100.00 per service stub installed. Such deposits will be refunded at a rate of \$100.00 per house when gas use is initiated. Deposits held for five years without completion of gas service to the proposed house will be retained by the Company and credited to the appropriate plant account, provided that deposits made before December 31, 1980 - shall be treated for the purpose hereof as if they were received on December 31, 1980. 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.
- d. 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.

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For service rendered on and after November 12, 2002

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

Calculation of the incremental life cycle cost will be performed as described in c. of this section. Calculation of the anticipated life cycle revenues will be performed as described in d. of this section. The amount of the contribution 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 e. of this General Service Provision.

c. 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, 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 based on current labor and material cost. Main extension cost is to be determined from a detailed cost estimate using historic labor and material costs. The net present value will be determined by discounting the cash flows using the Company's authorized rate of return.

d. 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.

e. The difference between (d) and (c) above ((d) minus (c)) is the "net present value". Contributions will be required if the net present value is negative. The required contributions (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.

f. Any deposit required under this General Service Provision will not bear interest but will be returned to the depositor at the rate of the difference between (1) the incremental life

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cycle cost of the extension or enlargement, and (2) the anticipated life cycle revenues as a result of the extension or enlargement from each additional customer served directly from the extension, or a further extension beyond the one which the deposit covers, until the amount of the original deposit is returned, except as provided below. In no case will the amount refunded exceed the amount of the original deposit. Deposits which are not refundable under the foregoing refund formula within five years shall, after notice to the customer, be retained by the Company and credited to the appropriate plant account, provided that the customer may contest the Company's determination that the deposit is not refundable by presenting information to the Company demonstrating that the deposit is refundable.

- g. When refunds are made involving two or more deposits, the earliest refund will receive priority. All deposits will be refunded in accordance with the terms and conditions in effect at the time they were made.

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