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| **RULES AND REGULATIONS** (Continued) |
| **RULE NO. 6: Extension of Distribution Facilities** |

1. **Purpose:** The purpose of this rule is to make Gas Service available to prospective Customers based on long-term economic benefits consistent with prudent utility practices effective on March 1, 2017, throughout the Company’s Gas Service territory. This rule defines the terms and conditions under which Distribution Facilities will be extended to new Gas Service Customers or modified at the request of existing Customers, in the Company’s sole opinion if no significant barriers exist. However, service may not be provided or extended or modified for reasons described in WAC 480-90-123, Refusal of Service.
2. **Definitions:**
3. **Credit:** A decrease in Customer Payment requirement per the Company’s tariff schedule or when the Company allows the Customer to do some of the work (e.g., constructing the ditch). All facilities provided by the Customer must meet the Company's specifications.
4. **Customer Payment:** A prepayment by a Customer for the extension or modification of Distribution Facilities. The amount of the payment will be equal to the difference between the Margin Allowance and the Line Extension Costs after applicable Credit. The Customer Payment shall include the effect of applicable federal income taxes as per Rule No. 28.
5. **Distribution Facilities:** Distribution main, pressure regulating devices, service piping and appurtenances required to connect existing facilities of the Company, having capacity adequate to supply the Gas Service the Customer requested, to the meter location.
6. **Distribution Margin:** For the new Customer line extension project, the sum of twelve months of the basic charges plus the decoupled revenue as determined by the Commission and administered through Schedule No. 142, Revenue Decoupling Adjustment Mechanism, or as calculated in the same manner for rate schedules that not are not subject to Schedule No. 142. For the existing Customer line extension modification, the sum of twelve months of the basic charges is excluded from the Distribution Margin determination.

(Continued on Sheet No. 16-A)