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PUGET SOUND ENERGY Natural Gas Tariff

NATURAL GAS TARIFF INDEX

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PUGET SOUND ENERGY Natural Gas Tariff

RULES AND REGULATIONS (Continued)

RULE NO. 6: Extension of Distribution Facilities
 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**:

- a. 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.
- b. 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.
- c. 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.
- d. 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.

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PUGET SOUND ENERGY

Natural Gas Tariff RULES AND REGULATIONS (Continued) (N) **RULE NO. 6: Extension of Distribution Facilities** 2. **DEFINITIONS** (Continued): e. Estimated Annual Therm: The estimated annual Customer natural gas usage would be as calculated by the Company based upon the natural gas equipment the Customer is going to use. f. Incremental Therm Added: The usage difference between Customer's existing annual usage and the Estimated Annual Therm would be after the modification of the existing Distribution Facilities. g. Line Extension Costs: The sum of Company's estimate of the costs of furnishing and installing the Distribution Facilities to provide new Gas Service to a qualified Customer or the sum of Company's estimate of the costs of modifying and installing the Distribution Facilities to meet the request of an existing Customer. h. Margin Allowance: The amount the Company will contribute toward construction costs for new or modified natural gas Distribution Facilities. The Margin Allowance amount is determined by the applicable sum of twelve months of the Distribution Margin divided by Margin Allowance Conversion Factor. i. Margin Allowance Conversion Factor: The factor is calculated as i) the Company's authorized after-tax rate of return divided by ii) its authorized revenue conversion factor. 3. CUSTOMER PAYMENT CALCULATION: Customer Payment = (Line Extension Costs -Margin Allowance - Credit) * Rule No. 28 Income Tax Rider. In addition, a security deposit may be required from a line extension Customer as described in the section 6a of this rule. 4. **LINE EXTENSION COSTS:** The Company will estimate the costs associated with a new or modified Residential or Non-residential line extension and quote the customer individually. (N)

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PUGET SOUND ENERGY Natural Gas Tariff

(N) **RULES AND REGULATIONS** (Continued) **RULE NO. 6: Extension of Distribution Facilities** ı 5. MARGIN ALLOWANCE: The Company will provide the Margin Allowance to a qualifying new or modified line extension project as described in this section. In all cases, for either a new or modified line extension project, the Company will not grant any Margin Allowance for any Customer, if the Company, in its sole judgment, determines that the Customer load will not be in service for five years. a. New Natural Gas Facility Extension Margin Allowance 1. Residential Service: Schedule 23: \$4,179 per new Customer 2. Non-residential: i. Schedules 31, 31T, 41, 41T, 86, and 86T: \$3.46 per Estimated Annual Therm ii. Schedules 85 and 85T: \$0.87 per Estimated Annual Therm iii. Schedules 87 and 87T: \$0.12 per Estimated Annual Therm b. Modification of Existing Natural Gas Facility Margin Allowance 1. Residential Service: Schedule 23: \$3.81 per Incremental Therm Added Non-residential: i. Schedules 31, 31T, 41, 41T, 86, and 86T: \$2.68 per Incremental Therm Added ii. Schedules 85 and 85T: \$0.74 per Incremental Therm Added iii. Schedules 87 and 87T: \$0.11 per Incremental Therm Added 6. OTHER FEES AND CHARGES: Security Deposit Required from Line Extension Customers: In addition to the Customer Payment in Section 3, a security deposit may be required from a line Extension Customer if the Customer's plans are conditional and/or there are multiple phases in the Customer's build-out plan. If applicable, the security deposit shall be \$500 per meter or 5% of the total Line Extension Costs, whichever is higher as determined by the Company. The security deposit will be refunded with interest at the rate established for Customer deposits in Rule No. 5 to the Customer upon the Company's validation of the completion of Customer's build-out plan otherwise the security deposit is not refundable. However, ı the amount of the security deposit, as prescribed in this section shall not limit the other remedies otherwise available to the Company. (N) (Continued on Sheet No. 16-C)

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PUGET SOUND ENERGY Natural Gas Tariff

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

6. OTHER FEES AND CHARGES: (Continued)

- b. Customer Unable to Accept Service Charge: If the Company shows up to a scheduled appointment to install Distribution Facilities and the Customer has not complied with Company specifications, such as having the construction route cleared and to grade, providing trench, or obtaining necessary inspections or permits, the Customer may be charged the crew, equipment, and other costs associated with the trip.
- c. **Unused Facilities Extension Cost Charge**: If the Company provides a facilities extension and the Customer fails to commence gas usage within twenty-four months from the date of installation the Company will bill the Customer the Line Extension Costs.

7. GENERAL CONDITIONS:

- Natural Gas Service Contract: Customer shall complete, sign, and submit to the Company a natural gas service contract when requesting new Distribution Facilities or modification of existing Distribution Facilities.
- b. Ownership of Facilities: The Company shall own, operate, maintain and repair all natural gas Distribution Facilities installed by or for the Company, including replacement of such facilities if necessary so long as such replacement is not inconsistent with this rule or a contract governing such facilities. The Company shall not own and shall have no responsibility to operate, maintain, repair or replace any natural gas distribution facilities that were not installed by or for the Company.

(Continued on Sheet No. 16-D)

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RULES AND REGULATIONS (Continued) RULE NO. 6: Extension of Distribution Facilities 7. GENERAL CONDITIONS (Continued): c. Operating Rights: All legal rights necessary, in the Company's sole judgment, for the installation, operation, maintenance, repair or replacement of all natural gas facilities provided pursuant to this rule, including, without limitation, rights of access over, under, across, or through real property, including real property not owned by the Customer ("Operating Rights") shall be obtained by the Customer for the Company prior to the commencement of construction of such facilities. Operating Rights shall be evidenced by one or more written instruments in form and substance satisfactory to the Company. Operating Rights shall include, but not be limited to, the right of the Company to extend natural gas facilities across, over, under, or through the property on which the line extension is being constructed to connect additional Customers to the Company's natural

are otherwise lost, terminated, or canceled. Where Operating Rights are subject to fee, the Customer shall be responsible for payment of such fee. Where zoning or other land use regulations allow for limited or zero set-back of structures from the property line, thereby leaving inadequate space for the Company's equipment that is usually installed on private property, the Company, in its sole discretion, may request that the space and

gas system. The Company shall not be required to provide service, and may interrupt or discontinue service, if all or any portion of its facilities or Operating Rights are taken through the exercise of the power of eminent domain or are taken under threat thereof or

d. **Rule No. 28:** The installation of facilities under the provisions of this rule shall be subject to the provisions of Rule No. 28, Income Tax Rider, Contributions In Aid of Construction

rights be within the structure and meet the Company's specifications.

e. **General Rules and Provisions:** Service under this rule is subject to the General Rules and Provisions contained in this tariff.

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Natural Gas Tariff

RULES AND REGULATIONS (Continued) RULE NO. 7: Extension of Distribution Facilities—Other Than Kittitas County

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1. PURPOSE AND APPLICABLILTY - CLOSED TO NEW CUSTOMERS: The purpose of this rule is to make natural Gas Service available to prospective Customers outside Kittitas County who have signed a Gas Service Agreement prior to March 1, 2017, based on long-term economic benefits consistent with prudent utility practices. However, service may not be provided, extended or

(C) (C)

modified for reasons described in WAC 480-90-123, Refusal of Service.

This rule defines the terms and conditions under which Distribution Facilities will be extended to new residential, commercial or Industrial Customers outside Kittitas County. It also defines the terms and conditions for modifying existing Distribution Facilities to meet changed requirements for Customers outside of Kittitas County.

2. **DEFINITIONS**: (T)

1. Customer Advance: A potentially refundable prepayment (see Sections 8 and 11 for details) by a Customer for the extension of Distribution Facilities. The amount of the advance will be calculated using the Facilities Investment Analysis. The Customer Advance will be equal to the difference between the present value of estimated future incremental net operating income from the Customer and estimated costs of construction, as described within this Rule No. 7 and Schedule No. 7. The Customer Advance shall include the effect of applicable federal income taxes as per Rule No. 28.

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- 2. Distribution Facilities: Mains, service piping, meters, regulators, valves and associated fittings.
- 3. Estimated Annual Consumption: Estimated gas usage based on the usage parameters specified in Rate Schedule No. 7.
- 4. Facilities Investment Analysis ("FIA"): A discounted cash flow calculation for determining the rate of return, Customer Advances, and Qualification Payments related to facilities extensions. (A copy of the Facilities Investment Analysis computer algorithm on electronic medium is on file with the Washington Utilities and Transportation Commission.)
- 5. New Customer Rate: A rate to be applied in addition to a Customer's underlying sales rate for the purpose of recovering the marginal revenue shortfall.

(Continued on Sheet No. 18-A)

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Natural Gas Tariff RULES AND REGULATIONS (Continued) (T)RULE NO. 7A: Extension of Distribution Facilities—Kittitas County 1. PURPOSE AND APPLICABILITY - CLOSED TO NEW CUSTOMERS: The purpose of this rule (T) (C) is to make natural Gas Service available to prospective Customers in Kittitas County who have (C) signed a Gas Service Agreement prior to March 1, 2017, based on long-term economic benefits (C) consistent with prudent utility practices. However, service may not be provided, extended or modified for reasons described in WAC 480-90-123, Refusal of Service. This rule defines the terms and conditions under which Distribution Facilities will be extended to new residential, commercial, or industrial Customers in Kittitas County. It also defines the terms and conditions for modifying existing Distribution Facilities to meet changed requirements for Customers in Kittitas County.

- 1. Customer Advance: A potentially refundable prepayment by a Customer for the extension of Distribution Facilities. The amount of the advance will be calculated using the Facilities Investment Analysis. The Customer Advance shall include the effect of applicable federal income taxes as per Rule No. 28.
- 2. Distribution Facilities: Mains, service piping, meters, regulators, valves, and associated fittings.
- 3. Estimated Annual Consumption: Estimated gas usage based on the usage parameters specified in Rate Schedule No. 7.
- 4. Facilities Investment Analysis ("FIA"): A discounted cash flow calculation for determining the rate of return, Customer Advance, and Qualification Payments related to facilities extensions. (A copy of the Facilities Investment Analysis computer algorithm on electronic medium is on file with the Washington Utilities and Transportation Commission.)
- 5. Kittitas New Customer Rate: A non-refundable rate of \$0.17 per therm to be applied in addition to all Kittitas County Customer's underlying sales rate for the purpose of providing revenue to contribute to the cost of extending service to Kittitas County.

(Continued on Sheet No. 19-H)

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2. **DEFINITIONS**:

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PUGET SOUND ENERGY Natural Gas Tariff

RULES AND REGULATIONS (Continued) RULE NO. 9: Bills and Payment for Service

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- 1. **FREQUENCY OF BILLING:** Under normal circumstances, the Company will render bills on a monthly basis.
- (T) (O)

2. BILLING FOR CUSTOMERS WITH MULTIPLE ACCOUNTS:

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- Under normal circumstances, a separate bill will be rendered for each meter used by a Customer.
- 2. When accounts have an identical Customer name and mailing address, the Company may agree to provide a single bill covering usage through multiple meters under the same class of gas service. Single bills will be provided only for accounts specifically covered by such an agreement and for the following limited purposes:
 - a. A summary bill statement, totaling the individually calculated bill amounts of accounts covered by a summary statement agreement, will be provided at the Customer's request.
 - b. A single bill combining consumption through multiple meters on a Customer's contiguous property may be provided under one of the following conditions:
 - i. A Customer requests the installation of multiple meters and pays all facilities
 (T) extension costs pursuant to Rule Nos. 6, 7 and 7A.
 - ii. The Company, due to operational constraints, elects to install multiple meters for the (T) (O) measurement of the same class of gas service.
- 3. PAYMENT DUE DATES: Bills are due and payable on the date rendered and become past due after fifteen (15) days unless specified otherwise on the bill. All bills are payable at an office or authorized pay station of the Company or to an authorized Company employee. When Company employees are outside of a Company office to reconnect a Customer's service, they may only accept payment in the form of checks or money orders. Bills shall be deemed received upon personal delivery to Customers or three (3) days following the deposit of the bill in the United States Mail to the Customer's last known address. Failure to receive a bill will not relieve the Customer of the obligation to pay for service provided or affect the date the bill becomes past due.

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PUGET SOUND ENERGY Natural Gas Tariff

RULES AND REGULATIONS (Continued)

RULE NO. 9: Bills and Payment for Service (Continued)

- 7. CONNECTION AND RECONNECTION CHARGES: The Company shall collect a charge for reconnection of service whenever (1) service has been discontinued for failure of a Customer to comply with these Rules or the Washington Administrative Code, or (2) service has been discontinued for one year or less due to vacancy or any other reason (including seasonal service). and the former Customer or a former tenant (who was a tenant at the time of disconnection) requests reconnection. The Company shall collect a charge for connection of service whenever service is connected at the request of a Customer that is new to the location. The connection or reconnection charge does not apply to connection of new service lines constructed under the provisions of Rule Nos. 6. 7 and 7A. If satisfactory arrangements for payment of all proper charges are made with the Company during normal service hours (7:00 a.m. through 7:00 p.m. Monday through Friday, except holidays), the charge for connection shall be \$32.00 and for reconnection shall be \$37.00. If such payment arrangements are made with the Company other than during normal service hours and the Company agrees that service will be connected or reconnected other than during normal service hours due to Customer request, the charge shall be \$69.00 for connection and \$74.00 for reconnection, except if service is to be connected or reconnected during normal service hours, the charge for connection shall be \$32.00 and for reconnection shall be \$37.00. In addition, if such arrangements for payment are made between the hours of 7:00 p.m. and 7:00 a.m. (the following day), the connection or reconnection shall be completed during normal service hours except where the Company determines that conditions warrant otherwise. If such payment arrangements include an employee picking up payment at the Customer's premise, such payment shall be in the form of a check or money order unless the Company determines that conditions warrant otherwise. Conditions that warrant Company review include medical emergencies and a Customer disconnected in error. The amounts charged for connection or reconnection shall also apply to nonsafety-related service calls for the Customer's convenience such as (1) when the Customer does not provide access, or (2) fails to cancel a service call, or (3) when the Customer's equipment beyond the meter is the cause of the service call.
- 8. **RETURNED ITEM CHARGE:** For each item a bank returns to the Company unpaid, the Company will charge \$16.00 plus the amount of the item to the account(s) where the item (such as a check, AFT transaction, debit or credit card payment) was originally credited. Where a Customer receives electric and natural gas service from the Company or has multiple electric or natural gas accounts and pays with one check or item, only one service charge will be applied. Upon adequate justification, such as a bank error, the Company may waive or reverse a returned item charge.

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PUGET SOUND ENERGY Natural Gas Tariff

RULES AND REGULATIONS (Continued)

RULE NO. 28: Income Tax Rider - Contributions in Aid of Construction

- 1. Applicability: The provisions of this schedule shall apply to amounts to be collected as Contributions in Aid of Construction (including amounts such as the Customer Advance provisions of Rule Nos. 6, 7, 7A and Schedule 7) subject to the provisions of the Revenue Act of 1978 as amended by the Tax Reform Act of 1986. These amounts are represented by those costs and other charges payable to the Company under Rule Nos. 6, 7, 7A and Schedule 7 of this tariff and by those costs and other charges payable to the Company for similar transactions not specified in the forgoing rules and schedule. However, when calculating charges do not include transactions such as a Customer provided trench when the Company was not involved in creation of the trench and the trench does not include any facilities.
- 2. Rate: All costs and other charges to which this schedule applies shall be multiplied by a factor, as shown below, to determine the gross amount to be paid to the Company.

Factor effective May 13, 2016, through December 31, 2017	1.1057
Factor effective January 1, 2018, through December 31, 2018	1.1272
Factor effective January 1, 2019, through December 31, 2019	1.1482
Factor effective on and after January 1, 2020	1.2118

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PUGET SOUND ENERGY Natural Gas Tariff

SCHEDULE NO. 7

(T)

Facilities Extension Standards

- 1. APPLICABILITY AND DEFINITIONS CLOSED TO NEW CUSTOMERS: The following (T)(C)estimates of usage in Sections 2 and 3 along with the special conditions in Section 4 will determine the annual consumption for use in the Facilities Investment Analysis (FIA) when evaluating facility extensions to Customers who have signed a Gas Service Agreement prior to (C) March 1, 2017. The costs in Sections 5 through 7 will determine the costs for use in the FIA. (C) Terms defined in Rule Nos. 2, 7, and 7A of this tariff shall have the same meanings in this Schedule No. 7.
- 2. SINGLE FAMILY RESIDENCES: Space Heating: For single family residences where space (T) heating requirements are met entirely with a gas central heating system, the following tables will be used to estimate annual consumption.

TABLE 7.1: Areas Outside Kittitas County

	Annual Therms Effect.	Annual Therms Effect.		Annual Therms Effect.	Annual Therms Effect.	(T)
Sq. ft.	5/10/07	9/1/07	Sq. ft.	5/10/07	9/1/07	(T)
UP TO 500		181	2701-2800	744	671	
501-600		217	2801-2900	752	680	
601-700		254	2901-3000	759	690	
701-800	591*	290	3001-3100	767	700	
801-900	599	326	3101-3200	775	710	
901-1000	606	362	3201-3300	782	719	
1001-1100	614	399	3301-3400	790	729	
1101-1200	622	435	3401-3500	798	739	
1201-1300	629	471	3501-3600	805	749	
1301-1400	637	507	3601-3700	813	758	
1401-1500	645	544	3701-3800	821	768	
1501-1600	652	553	3801-3900	828	778	
1601-1700	660	563	3901-4000	836	788	
1701-1800	668	573	4001-4100	844	798	
1801-1900	675	583	4101-4200	851	807	
1901-2000	683	592	4201-4300	859	817	
2001-2100	691	602	4301-4400	867	827	
2101-2200	698	612	4401-4500	874	837	
2201-2300	706	622	4501-4600	882	846	
2301-2400	714	631	4601-4700	890	856	
2401-2500	721	641	4701-4800	897	866	
2501-2600	729	651	4801-4900	905	876	
2601-2700	737	661	4901-5000**	913	885	
*Up to 800	**For each 100	0 sq. ft. above 5,00	00, add therms to	annual amount.		(T)

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PUGET SOUND ENERGY Natural Gas Tariff

SCHEDULE NO. 54 Optional Gas Compression Service

SECTION 1 – AVAILABILITY

(T)

- 1. Throughout the territory served by the Company, at the request of the Customer who meets the requirements and responsibilities for service outlined in Section 1 (Availability) and Section 9 (Natural Gas Compression Service Agreement, at paragraph 8, Location for Compression Facilities and Property Rights, and paragraph 9, Access to Customer's Site, and paragraph 12, Customer Responsibilities), of this tariff schedule, the Company shall provide compression service for any Customer who desires compressed natural gas (as more fully described below) that enables fueling of natural gas motor vehicles from the Company's compression facilities located on the Customer's premises. Provision of such service by the Company shall be subject to (a) the Customer's prequalification by the Company and to entry by the Customer into a Natural Gas Compression Service Agreement ("Natural Gas Compression Service Agreement" or "Agreement" herein) with the Company in the form set forth in Section 9 of this Schedule for a minimum Term of ten (10) years, unless the Company, in its sole determination, agrees to a shorter term, and (b) receipt by the Company of necessary documentation including, but not limited to, required insurance certificates. The Company shall maintain the Agreement as, and the Agreement shall constitute, a service contract in accordance with WAC 480-80-141.
- 2. The Compressed Natural Gas Service ("CNG Service") provided under this Schedule is a Gas Service that consists of Company-provided natural gas conditioning/drying and compression service to increase the pressure of the natural gas delivered to the Customer, in accordance with Rule No. 18, Measurement of Gas Service, for use by the Customer for the refueling of natural gas vehicles ("NGVs"), including Customer-owned, Customer-operated, or other NGVs upon approval of the Company. Natural gas for CNG Service will be delivered on the Company's system pursuant to a rate schedule (or contract thereunder) other than this Schedule to the Customer through a Company-owned meter set assembly at low pressure unless a contract for higher pressure delivery is executed.
- 3. The CNG Service shall be provided to the Customer solely by facilities owned and maintained by the Company. CNG Service will only be available if the Company is able to obtain facilities and contract for operation and maintenance of those facilities that are necessary to provide CNG Service.
- 4. The supply or delivery of natural gas for CNG Service under this Schedule shall be provided by the Company under the Customer's Gas Service account, in accordance with the provisions of the Company's Natural Gas Tariff ("Tariff"), and shall be separately metered from other Gas Service accounts at the delivery location prior to reaching the Company's CNG Service Facilities as defined in the Agreement. Any extensions of the Company's natural gas distribution system to enable the Company to deliver or supply natural gas for CNG Service at the Site are pursuant to Rule Nos. 6, 7, and 7A, Extension of Distribution Facilities.

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PUGET SOUND ENERGY Natural Gas Tariff

SUPPLEMENTAL SCHEDULE NO. 107 New Customer Rate for Facilities Extensions

(T)

1. APPLICABILITY; TERM OF AGREEMENT – CLOSED TO NEW CUSTOMERS:

(T)(C)

This Schedule applies to those new Customers, who as a result of a distribution facilities
extension project, are receiving Gas Service under rate schedules stipulated in the
Section 2 below and who have elected to participate in the New Customer Rate
described in Rule No. 7 and have signed a Gas Service Agreement prior to March 1,
2017.

(C) (C)

2. Unless otherwise specified in Rule No. 7, the term of this rate shall be five years from the date the Customer starts using service.

2. **RATES:** (T)

- For Customers where the result of the FIA is at or above the 80% Threshold Rate Of Return and served under Rate Schedules No. 23, 31, or 36, the rates per therm of these rate schedules shall be increased by 11.500 cents per therm.
- For all other new residential and small commercial Customers served under Rate Schedules No. 23, 31, or 36, where the rate of return is below the 80% Threshold Rate Of Return the rates per therm of these rate schedules shall be increased by 17.000 cents per therm.
- 3. For large commercial or industrial Customers, where maximum hourly connected load exceeds 1,100 cubic feet per hour, served under Rate Schedules No. 31, 36, 41, 50, 51, 85, 86, or 87, the rates per therm in all blocks of these rate schedules shall be increased by the amount of a New Customer Rate as determined by the Financial Investment Analysis performed for the specific facilities extension involved.
- 4. The rates named herein are subject to increases as set forth in Rate Schedule No. 1.

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