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**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)