RULE 8
EXTENSION OF DISTRIBUTION FACILITIES

EXTENSIONS OF DISTRIBUTION FACILITIES
If, in the Company's sole opinion, no significant barriers exist, the Company will install, own, and maintain distribution facilities necessary to provide gas service to an applicant who meets the requirements to become a customer and complies with the requirements established in this Rule.

Distribution facilities enabling the provision of gas service to a customer include the Company's gas main and other facilities located in the street or right-of-way and the service line, which is the underground pipe running from the Company's main to a Company installed meter that abuts the customer's dwelling or facility. The path of the service line and main to the location of the meter shall be at the Company's sole discretion. ~~(T)~~ ~~(T)~~ ~~(T)~~

~~(K)~~

LINE EXTENSION COSTS ATTRIBUTED TO CUSTOMER ~~(T)~~
Line extension costs are the sum of all estimated costs of furnishing and installing the distribution facilities necessary to provide gas service or additional gas supply to a qualified gas customer.

MARGIN ALLOWANCE TOWARD COST OF DISTRIBUTION FACILITIES ~~(C)~~
The Company will provide a margin allowance toward the cost of distribution facilities to a qualifying new or modified line extension project as described in this rule. In no instance will a Customer be credited a Margin Allowance that exceeds the line extension costs to install the necessary distribution facilities. Specific margin allowance cap limits for each customer class are stated below, but, in general, the maximum potential margin allowance per service installed is based on the NPV of the margin to be received from the customer over a seven-year period based on the following calculation:

$$ALLOWANCE = \sum_{t=1}^{7} \frac{R_t}{(1+i)^t}$$

Where:
R_t = estimated annual margin during year t.
i = Company's approved rate of return, 6.8~~9~~5%. ~~(K)~~(R)
t = years 1 through 7.

~~(K)~~
~~(C)~~
~~(D)~~
~~(N)~~

(K) Text formerly on Sheet No. 12 is found on Sheet No. 12-A

(continued)

RULE 8
EXTENSION OF DISTRIBUTION FACILITIES

MARGIN ALLOWANCE TOWARD COST OF DISTRIBUTION FACILITIES (continued)
Residential and general commercial c~~C~~ustomers taking service on Rate Schedules 503 and 504 ~~the following rate schedules~~ shall receive a margin allowance not to exceed the NPV of the annual margin over a seven-year period based on a calculation using the sum of the annual basic service charges plus annual distribution margin revenue based on current rates using the customer classes' average monthly therms within the most recent general rate case. ~~n allowance not to exceed:~~ (C)
~~Customers taking service on the following rate schedules shall receive an allowance not to exceed:~~

Schedule	~~Allowance Cap Limit~~Avg. Monthly Therm Usage
503	~~$1,462~~54
504	~~$5,774~~271

~~(T)~~ (C)

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.

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 505, 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. (T)

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)