

**RULES AND REGULATIONS GOVERNING THE  
DISTRIBUTION AND SALE OF GAS (Continued)**

**8. Extensions**

**8.1 Service Connections**

The Company will install the service line from its main to point of delivery, as defined in the Point of Delivery section of this tariff; provided, however;

- (a) In the territories formerly served under Tariff Gas--Pa. P.U.C. No. 6 and Tariff Gas--Pa. P.U.C. No. 7, the Company will install the service line from its main to a convenient point approximately fifty (50) feet inside the customer's property line. (See the description of Territory section of this tariff to identify territory formerly served under Tariff Gas--Pa. P.U.C. No. 6 and Tariff Gas--Pa. P.U.C. No. 7.)
- (b) In rural areas, where service is not available directly from the Company, service may be provided from a transmission or production line. It is the sole discretion of the owner of the transmission or production line to allow service from their facilities to the customer. If connection is allowed, the Company's service connection will consist of a tap on the line and a service valve. (C)

**8.2 Capital Expenditure Policy**

(C)

**8.2.1 Residential Distribution Service**

The applicants will be required to provide a refundable cash deposit to the Company equal to the difference between the minimum capital investment required to serve the applicant's gas requirements and the amount of capital that the Company can justify investing in the project, based on the anticipated gas requirements of the applicant(s). Minimum capital investment is the capital expenditure required to serve only the gas requirements requested by the particular applicant(s).

The maximum allowable investment is the amount of capital expenditure which the estimated revenues generated from a proposed project would support and still provide the necessary return to the company, taking into consideration the estimated additional annual volumes, rate schedule, cost of gas, operating and maintenance expense, interest and taxes.

**8.2.2 Commercial and Industrial Distribution Service**

The applicants will be required to provide a refundable cash deposit to the Company equal to the difference between the minimum capital investment required to serve the applicant's gas requirements and the amount of capital that the Company can justify investing in the project, based on the anticipated gas requirements of the applicant(s). Minimum capital investment is the capital expenditure required to serve only the gas requirements requested by the particular applicant(s).

## RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS (Continued)

### 8. Extensions - Continued

#### 8.2 Capital Expenditure Policy – Continued

##### 8.2.2 Commercial and Industrial Distribution Service – Continued

- (a) Projects Where the Net Present Value of the Cash Flows, Using the Minimum Capital Investment, is Equal to or Greater than Zero.

Such projects are economically feasible provided that there are assurances that the applicant will use the projected volumes of gas for the minimum time period stated in the agreement. Such assurances may be provided in the form of a minimum use agreement, in which applicant contractually agrees to take delivery of certain minimum volumes of gas, and to pay the applicable distribution charges for such volumes, irrespective of applicant's actual consumption of gas. At the Company's sole discretion, a deposit may be required if the Company is not certain that the applicant will use the volumes, as projected, for the entire Minimum Time Period. The maximum required deposit shall be no more than the minimum capital investment. (C)

- (b) Projects Where the Net Present Value of the Cash Flows, Using the Minimum Capital Investment, is Less than Zero.

The Company shall require a refundable deposit in the amount that the net present value is below zero. For example, if the net present value of a project is -\$1,000, the Company shall require a \$1,000 refundable deposit. In addition, if there is uncertainty that the applicant will use the projected volumes of gas for the minimum time period stated in the agreement, the Company may, in its sole discretion, (1) require the Applicant to pay an additional refundable deposit, or (2) require the applicant to enter into a minimum use agreement, in which applicant contractually agrees to take delivery of certain minimum volumes of gas, and to pay the applicable distribution charges for such volumes, irrespective of applicant's actual consumption of gas. The additional refundable deposit, if required, shall be no more than the combined total of the Company's minimum capital investment and the net present value. For example, if the Company's minimum capital investment is \$10,000 and the net present value of the project is -\$1,000, the applicant shall be required to provide an additional \$9,000 deposit. (C)

For purposes of subsection (a) and (b), above, the maximum allowable investment is the amount of capital expenditure which the estimated revenues generated from a proposed project would support and still provide the necessary return to the Company, taking into consideration the estimated additional annual volumes, rate schedule, cost of gas, operating and maintenance expense, interest and taxes.

(C) Indicates Change

## **RULES AND REGULATIONS GOVERNING THE DISTRIBUTION AND SALE OF GAS (Continued)**

### **8. Extensions - Continued**

#### **8.2 Capital Expenditure Policy – Continued**

##### **8.2.3 Reduction or Elimination of Deposit**

In any case where a deposit is required, it may be reduced or eliminated, if in the Company's judgment, the institution of such service will benefit other customers within a reasonable period of time.

##### **8.2.4 Taxes on Deposits for Construction & Customer Advances**

Any deposit, advance or other like amounts received from the applicant which shall constitute taxable income as defined by the Internal Revenue Service will have the income taxes segregated in a deferred account for inclusion in rate base in a future rate case proceeding. Such income taxes associated with a deposit or advance will not be charged to the specific depositor of the capital.

#### **8.3 Deposits and Refunds**

When a deposit is required by the Company, the terms and conditions of the project and the refund will be specified in an agreement between the Company and the applicant.

Part or all of the deposit may be subject to refund to the applicant upon such basis or conditions as may be mutually agreeable to the Company and the applicant.

#### **8.4 Ownership and Maintenance**

The Company shall own, maintain and renew, when necessary, its main extension and/or service line from its main to the point of delivery, as defined in Rule 7.1.

#### **8.5 Interference with Facilities**

The Company's main, service line, curb valve shall not be opened, tampered or interfered with at any time. Any action taken, without the Company's prior knowledge, will be considered an action endangering the safety of a person or the integrity of the Company's delivery system and will be grounds for immediate termination of service.

#### **8.6 Special Facilities**

Any special services, facilities, instrumentalities or non-standard construction methodologies which may be rendered or furnished by the Company for an applicant or customer at his request or at the direction of a governmental authority, and not provided for in the Company's rate schedules, and not ordinarily, necessarily, or directly involved in the furnishing of natural gas distribution service, shall be paid for by the applicant or customer for whom such services, facilities, instrumentalities or non-standard construction methodologies are furnished, and such costs shall be in addition to the charges for natural gas distribution service provided for in the applicable rate schedule or in addition to any deposit required under this section.

(C)

(C) Indicates Change