

COMMONWEALTH OF PENNSYLVANIA  
(Public Utility Commission)

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DONALD KNAUB, :  
Complainant, : Docket No.:  
vs. : C-2025-3055803  
COLUMBIA GAS OF PHILADELPHIA, :  
INC., :  
Respondent. :  
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Pages 1 through 85 TELEPHONIC HEARING  
Judge's Chambers  
Commonwealth Keystone Bldg.  
400 North Street  
Harrisburg, PA 17120

Thursday, October 2, 2025  
Met, pursuant to notice, at 10:17 a.m.

BEFORE: THE HONORABLE CHAD ALLENSWORTH  
Administrative Law Judge

INDEX TO EXHIBITS  
Docket No.: C-2025-3055803  
Hearing Date: October 2, 2025

EXHIBITS INDEX

NUMBER		MARKED	IN EVIDENCE
COMPLAINANT:			
1	(Plot map)		34
COLUMBIA GAS OF PENNSYLVANIA:			
1	(Tariff Guidelines January 31, 2012)	57	58
2	(Line Extension Agreement)	36	43
3	(Map of the neighborhood and Columbia Gas' main lines - CONFIDENTIAL)	60	61
4	(Overview of Complainant's gas consumption for last 7 years)	53	54
5	(Current Tariff Guidelines)	64	65

# Complainant Exhibit 1



### SITE DATA/NOTES

- PRELIMINARY PLAN WAS APPROVED BY THE WINDSOR TWP PLANNING COMMISSION ON 5-10-87 AND THE WINDSOR TWP BOARD OF SUPERVISORS ON 3-26-87
- EXISTING ZONING CLASSIFICATION - AGRICULTURAL
- PROPOSED USE - SINGLE FAMILY DWELLING
- MIN. LOT AREA - 43,621 S.F.
- SETBACKS -  
FRONT - 50'  
SIDE - 25'  
REAR - 25'
- TRACT SIZE - 20.94 AC. (NET)  
21.85 AC. (GROSS)
- PROPOSED NO. OF LOTS - 17
- LOTS TO BE SERVED BY INDIVIDUAL ON LOT WATER SUPPLY AND SEWAGE DISPOSAL SYSTEMS
- DRIVEWAY ACCESS FOR LOTS #11, #12, #17 AND #2 SHALL BE OUTO CRANBERRY LANE
- ALL PUBLIC IMPROVEMENTS WILL BE INSTALLED IN CONFORMANCE WITH THE APPROVED PRELIMINARY SUBDIVISION PLAN



### LEGEND

- REBAR TO BE SET @ LOT CORNERS

APPROVED BY THE PLANNING COMMISSION OF WINDSOR TOWNSHIP  
DATE: April 30, 1987

Walter W. Shaw CHAIRMAN  
Walter W. Shaw  
Walter W. Shaw

APPROVED BY THE SUPERVISORS OF WINDSOR TOWNSHIP  
DATE: April 29, 1987

Paul D. Stacyk PRESIDENT  
Paul D. Stacyk  
Paul D. Stacyk  
Paul D. Stacyk ENGINEER

ON THIS THE 3 DAY OF April 1987  
BEFORE ME, THE UNDERSIGNED OFFICER PERSONALLY APPEARED

Paul D. Stacyk  
WHO BEING DULY SWORN ACCORDING TO LAW, DEPOSE AND SAY THAT THEY ARE THE OWNERS AND/OR EQUITABLE OWNERS OF THE PROPERTY SHOWN ON THIS PLAN, AND THAT THEY ACKNOWLEDGE THE SAME TO BE THEIR ACT AND PLAN AND DESIRE THE SAME TO BE RECORDED AS SUCH ACCORDING TO LAW.

WITNESS MY HAND AND SEAL THE DAY AND DATE ABOVE WRITTEN.

James D. Bailey  
NOTARY PUBLIC

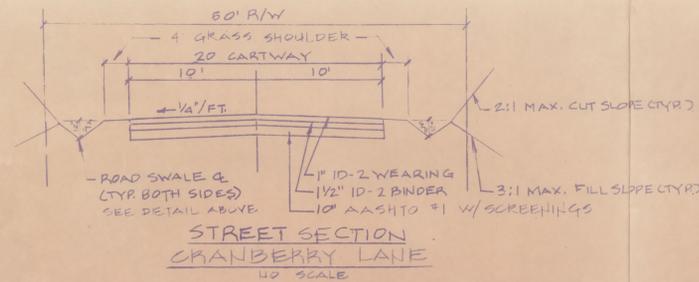
DEBRA D. BAILEY, NOTARY PUBLIC  
SOVER BOROUGH, YORK COUNTY  
MY COMMISSION EXPIRES JUNE 27, 1988  
Member, Pennsylvania Association of Notaries

Donald Knab  
953 Cranberry Ln.  
York, PA 17402

Socket# C-2025-3055803

CURVE DATA			
NO.	RADIUS	ARC LENGTH	CHORD BEARING
C-1	15.00'	23.56'	N 01° 44' 00" E
C-2	15.00'	23.56'	N 88° 16' 00" W
C-3	175.00'	57.71'	N 40° 14' 00" E
C-4	175.00'	117.37'	N 14° 31' 10" E
C-5	175.00'	5.00'	N 05° 30' 46" W
C-6	150.00'	84.03'	N 40° 14' 20" E
C-7	150.00'	100.60'	N 14° 31' 10" E
C-8	150.00'	4.28'	N 05° 30' 46" E
C-9	150.00'	138.72'	S 20° 12' 04" W
C-10	125.00'	115.77'	S 20° 12' 04" W
C-11	220.00'	37.00'	N 11° 00' 57" W
C-12	220.00'	122.23'	N 31° 53' 01" W
C-13	220.00'	122.23'	N 63° 43' 00" W
C-14	220.00'	122.23'	S 84° 27' 00" W
C-15	220.00'	44.60'	S 62° 43' 34" W
C-16	195.00'	32.80'	N 11° 08' 57" W
C-17	195.00'	108.34'	N 31° 53' 01" W
C-18	195.00'	108.34'	N 63° 43' 00" W
C-19	195.00'	108.34'	S 84° 27' 00" W
C-20	195.00'	39.53'	S 62° 43' 34" W
C-21	195.00'	397.95'	S 64° 42' 22" E
C-22	170.00'	346.40'	S 64° 42' 22" W
C-23	125.00'	50.17'	S 60° 25' 04" W
C-24	150.00'	60.21'	N 68° 25' 04" E
C-25	175.00'	70.24'	N 68° 25' 04" E
C-26	15.00'	23.56'	N 54° 45' 15" W
C-27	15.00'	23.56'	N 34° 35' 00" E
C-28	155.00'	77.75'	N 23° 47' 45" W
C-29	150.00'	65.21'	N 23° 47' 45" W
C-30	129.84'	68.63'	N 25° 15' 30" W
C-31	154.84'	81.84'	N 28° 15' 31" W

LOT AREAS		
LOT NO.	GROSS AREA WITH R/W	NET AREA LESS R/W
1	60,251.16 SF	57,829.06 SF
2	60,459.71 SF	47,737.32 SF
3	65,155.34 SF	42,460.66 SF
4	48,104.05 SF	43,643.01 SF
5	48,097.50 SF	43,560.00 SF
6	47,611.71 SF	43,640.53 SF
7	60,574.52 SF	57,672.40 SF
8	54,112.29 SF	51,250.13 SF
9	71,372.61 SF	68,490.45 SF
10	51,441.82 SF	48,043.32 SF
11	56,197.09 SF	43,575.83 SF
12	54,412.09 SF	43,381.40 SF
13	63,327.63 SF	51,577.94 SF
14	51,506.29 SF	44,680.85 SF
15	50,385.06 SF	43,620.61 SF
16	48,224.65 SF	44,197.17 SF
17	61,385.10 SF	47,694.04 SF



OWNER:  
DAVID NORTON, INC.  
40 RONALD K. FRUTH  
355 FAIRWAY DR  
ETTERS, PA 17319

I, JAMES R. HOLLEY, A REGISTERED PROFESSIONAL SURVEYOR OF THE STATE OF PENNSYLVANIA, DO HEREBY CERTIFY THAT THIS PLAN CORRECTLY REPRESENTS THE LOTS, LANDS, AND STREETS AS PLOTTED FOR THE OWNERS.

James R. Holley SURVEYOR  
NO. 80-846-A



REVISIONS	NO.	DATE	DESCRIPTION	DATE	BY
	1	4/10/87	ANSW. PER ELGR. REVIEW LHM		SD
FINAL SUBDIVISION PLAN FOR PROPERTY OF DAVID NORTON, INC.				DATE: APR 1987	
				SCALE: AS SHOWN	
				DWN BY:	
				CKD BY:	
				PROJECT NO.	
WINDSOR TWP YORK CO. PA				SHEET NO.	
JAMES R. HOLLEY & ASSOCIATES, INC.				1 of 2	
ENGINEERS - LAND SURVEYORS - LANDSCAPE ARCHITECTS - PLANNERS					
20 WEST MARKET STREET YORK, PA.					

# **COLUMBIA GAS EXHIBIT NO. 1**

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**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.

**8.2 Capital Expenditure Policy****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 quantities, rate schedule, cost of gas, operating and maintenance expense, interest and taxes.

(C)

**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).

(C) Indicates Change

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

### 8. Extensions - Continued

#### 8.2 Capital Expenditure Policy – Continued

##### 8.2.2 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 quantities 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 quantities of gas, and to pay the applicable distribution charges for such quantities, 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 quantity of gas, 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 quantity 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 quantities of gas, and to pay the applicable distribution charges for such quantity, 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 quantity, rate schedule, cost of gas, operating and maintenance expense, interest and taxes. (C)

(C) Indicates Change

# **COLUMBIA GAS EXHIBIT NO. 2**

Project ID. 1210111	Location No. 2421	Job Order No. 12-0241195-00
LEA No. 501120951		Sales Rep - Amy Sucharski

**COLUMBIA GAS OF PENNSYLVANIA, INC.  
LINE EXTENSION AGREEMENT**

**THIS AGREEMENT**, entered into this 3rd day of August, by and between Columbia Gas of Pennsylvania, Inc. ("Columbia"), with offices located at 121 Champion Way, Suite 100, Canonsburg, PA 15317 and Donald Knaub ("Applicant"), located at 903 Cranberry Ln, York, PA 17402, represents the full and complete understanding between Columbia and Applicant under which Columbia will construct, install and/or improve certain facilities at, near, or necessary to provide natural gas service availability to Applicant, to the premises located at 903 Cranberry Ln, York PA, 17402, in accordance with the plans currently on file with Columbia.

**WITNESSETH**

**WHEREAS**, Applicant desires that natural gas service be made available; and

**WHEREAS**, Columbia is a natural gas utility operating within the State of Pennsylvania and is willing to extend natural gas service availability to Applicant, subject to the terms and conditions below; and

**WHEREAS**, Construction, installation, and/or improvement of facilities are necessary in order for Columbia to make natural gas service available to Applicant; and

**WHEREAS**, Applicant understands that payment shall be made by Applicant to Columbia (the "Deposit") for the costs of construction, installation and/or improvements of the facilities that are not deemed economically justified at the Columbia's expense, based on a cost-benefit study using information provided by Applicant; and

**WHEREAS**, Section 8.2 of Columbia's tariffs provide that if an extension of a gas main is not economically justified based upon the anticipated gas requirements of the Applicant, Columbia may require that the Applicant contribute towards the cost of the extension of the gas main.

**NOW, THEREFORE**, the parties desire to enter into this agreement subject to the terms and conditions as set forth herein, and intending to be legally bound, do hereby agree as follows.

- Columbia agrees to construct, install and/or improve certain facilities determined by Columbia to be necessary in order to provide the requested natural gas service to Applicant (the "Facilities"). Columbia further agrees to extend its natural gas distribution main approximately 215' to the geographic area in accordance with the plans on file in Columbia's office.
- Unless otherwise provided, the Facilities become and remain the property of Columbia. This provision shall survive termination of this Agreement. Applicant shall grant to Columbia all necessary easements or rights-of-way on property owned by Applicant, at no cost to Columbia. Such easements or rights-of-way shall be granted in written instruments appropriate for recording. Applicant shall also use its best efforts to assist Columbia in acquiring any necessary easements or rights-of-way on property owned by third parties.
- Pursuant to Columbia's tariffs, a deposit shall be required from the Applicant, which is equal to the excess of the minimum capital investment required to serve the Applicant's gas requirements over the capital investment that is economically justified by the net revenues from the Applicant's anticipated gas requirements. Applicant hereby agrees to make a non-interest bearing refundable deposit of \$6,568.82 to Columbia (the "Deposit").
- Columbia has no obligation to initiate scheduling of construction, installation and/or improvement of the Facilities unless and until such time as the aforementioned Deposit has been paid, by Certified Check or other payment arrangements acceptable to Columbia and this Agreement has been executed and returned to Columbia.
- The Applicant must initial one of the following two options:
  - The Applicant desires Columbia to perform all work necessary to extend its gas main to provide natural gas service.
  - The Applicant desires to assist Columbia by digging the trench for the gas pipe and back-filling the trench after pipe has been installed.

The Applicant understands that the amount of the non-interest bearing refundable Deposit specified in paragraph 3 of this Agreement was calculated to reflect Applicant's selected option in paragraph 5.

6. Refund of the Deposit will be made to Applicant in accordance with the following conditions:

No amount shall be refunded and no refund obligation shall exist on account of any current Columbia customer unless otherwise determined by Columbia. The refund calculation shall take into account residential development and Commercial/Industrial usage served directly from the Facilities, in accordance with the methodology as set forth below. The refund calculation shall not apply to any customer served by or from laterals or further extensions of the Facilities. Columbia reserves the right to extend or make lateral additions to its distribution mains or any extensions thereof at any time.

- i. On an annual basis Columbia will determine the total annual volume of natural gas used by customers served from service lines directly connected to the Facilities. For each Dth of natural gas in excess of the projected annual gas usage of 74 Dth per year, the Applicant shall be entitled to a refund. Refunds of the initial deposit will be made on a per Dth basis for any Dth in excess of the previously stated threshold amount and will be based upon the customer class of each customer connected and Columbia's applicable base rate charges.
- ii. Refunds will occur on an annual basis, beginning twelve months after this Agreement was executed, for a period not to exceed seven (7) years, from the date this Agreement was executed.
- iii. In no event shall any amount in excess of the total Deposit paid to Columbia be refunded to Applicant.

7. Termination:

- i. If Applicant terminates this Agreement for any reason prior to completion of the Facilities, Columbia may deduct any and all costs related to this Agreement and the cost of Facilities that it has incurred, up to the effective date of termination, from the Deposit. Columbia does not waive any other rights in law or equity it may have as a result of Applicant's termination of this Agreement.
- ii. This Agreement shall automatically terminate upon the occurrence of either of the following two events:
  - a. Columbia has refunded the entire amount referred to in Section 3; or
  - b. Seven (7) years have elapsed from the date the Agreement was executed.

8. Applicant agrees that, unless otherwise required by law or order of any governmental body having jurisdiction over Columbia, Columbia shall not be required to pay interest, carrying charges, or any other amounts arising out of or related to the payment made pursuant to Section 3.

9. No provision of this Agreement shall be binding upon either party unless both parties have executed this Agreement by November 3, 2012. Unless the parties otherwise agree in writing, it is a condition precedent to the effectiveness of this Agreement that Applicant shall pay to Columbia the Deposit at the same time as the submittal of this Agreement or a date agreeable to both parties. Failure to make such payment may, at Columbia's option, result in termination of this Agreement.

10. Any payment obligation of either party arising pursuant to this Agreement shall survive the termination of this Agreement.

11. Applicant may not assign this Agreement without express written consent from Columbia.

12. This Agreement contains the full and complete understanding of Columbia and Applicant as to payment for the facilities and supercedes any prior understandings, commitments, agreements and authorizations, whether oral or written, regarding the Facilities or payment therefor; no other representations or promises regarding the new Facilities, written or oral, shall survive the execution hereof. Any modifications hereto shall be in writing and duly executed by both parties. This Agreement shall not modify any obligation of Applicant or Columbia under the applicable and presently effective provisions of Columbia's Tariff or any Service Agreement entered into between the parties for natural gas service to the Project.

13. If any conflict arises between the language of this Agreement and the language of the Company's approved tariffs, the language of the tariffs shall prevail.

IN WITNESS WHEREOF, Columbia and Applicant have caused this Agreement to be duly executed by the appropriate representatives identified below, on the date first written above.

**COLUMBIA GAS OF PENNSYLVANIA, INC.**

Zach McPherson  
Signature

Zach McPherson  
Name (Print)

Team Leader  
Title

8/2/12  
Date

**APPLICANT**

Danais R. Knaub  
Signature

Danais R. Knaub  
Name (Print)

Owner  
Title

8/6/12  
Date

**COLUMBIA GAS EXHIBIT NO. 4**

# Donald Knaub Consumption Review

<b>Date Reviewed</b>	<b>Customer usage</b>	<b>Contract Threshold</b>	<b>Difference</b>
8/18-8/19	66	74	-8
8/17-8/18	68.4	74	-6
8/16-8/17	61.5	74	-13
8/15-8/16	60.1	74	-14
8/14-7/15	71.8	74	-2
8/13-7/14	74.4	74	0.4
1/13-7/13	41.6	74	-32

**Usage Over Threshold**      0.4      dth

**Average Rate**      \$3.5017      per dth

**Refund Amount**      \$1.40

<b>Donald Knaub</b>	
<b>PSID</b>	

<b>Contract Date</b>	8/3/2012
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<b>Contract Threshold</b>	74	<b>Dth</b>	<b>DIS Base Rate</b>	\$3.5017	per dth
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DIS Mo	DIS Usage	Dth Usage	
08 01 19	15		
07 02 19	17		
06 03 19	23		
05 02 19	36		
04 02 19	87		
03 04 19	115		
02 01 19	123		
01 03 19	102		
11 30 18	79		
10 30 18	32		
10 01 18	19		
08 30 18	12		
	<b>660</b>	<b>66</b>	<b>-8</b>

08 01 18	17		
07 02 18	19		
06 01 18	18		
05 02 18	62		
04 03 18	112		
03 02 18	89		
02 01 18	116		
01 03 18	125		
11 30 17	70		
10 30 17	23		
09 29 17	21		
08 30 17	12		
	<b>684</b>	<b>68.4</b>	<b>-6</b>

08 01 17	19		
06 30 17	18		
06 01 17	26		
05 02 17	41		
03 31 17	92		
03 02 17	83		
02 01 17	100		
01 03 17	111		
11 30 16	65		
10 28 16	28		
09 29 16	16		
<b>08 30 16</b>	<b>16</b>		
	<b>615</b>	<b>61.5</b>	<b>-13</b>

08 01 16	17		
06 30 16	15		
06 01 16	27		
05 02 16	55		
04 01 16	65		
03 02 16	107		
02 02 16	117		
01 04 16	74		
12 01 15	61		
10 29 15	36		
09 30 15	11		
08 28 15	16		
	<b>601</b>	<b>60.1</b>	<b>-14</b>

DIS Mo	DIS Usage	Usage	
07 30 15	16		
06 30 15	17		
06 01 15	20		
04 30 15	49		
03 31 15	99		
03 02 15	159		
01 30 15	134		
12 31 14	97		
11 26 14	66		
10 28 14	24		
09 29 14	18		
08 28 14	19		
	<b>718</b>	<b>71.8</b>	-2

07 30 14	17	1.7	Dth
06 30 14	17	1.7	Dth
05 30 14	25	2.5	Dth
04 30 14	62	6.2	Dth
03 31 14	117	11.7	Dth
02 28 14	126	12.6	Dth
01 30 14	141	14.1	Dth
12 31 13	112	11.2	Dth
11 26 13	59	5.9	Dth
10 28 13	25	2.5	Dth
09 27 13	19	1.9	Dth
08 28 13	24	2.4	Dth
		<b>74.4</b>	<b>Dth</b>
<b>Usage Over Threshold</b>		0.4	<b>dth</b>
<b>Average Rate</b>		\$ 3.5017	<b>per dth</b>
<b>Refund Amount</b>		\$ 1.40	
07 30 13	23		
06 28 13	21		
05 30 13	32		
04 30 13	49		
04 01 13	107		
02 28 13	116		
01 30 13	68		
	416	41.6	41.6

**COLUMBIA GAS EXHIBIT NO. 5**

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

### 8. Extensions

#### 8.1 Residential Service Connections

(C)

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 at its expense the service line from its main to a convenient point approximately one-hundred fifty (150) feet inside the customer's property line, absent any abnormal underground conditions or excessive permitting requirements. (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.

#### 8.2 Capital Expenditure Policy

##### 8.2.1 Residential Distribution Service

The Company, at its discretion, may extend its distribution mains up to a distance of one-hundred fifty (150) feet on any street or highway without cost to an applicant(s), absent any abnormal underground conditions or unusual permitting requirements. When abnormal underground conditions or unusual permitting requirements exist, as determined by the Company, the applicant(s) will be required to pay a refundable cash deposit in an amount determined by the Company.

The applicant(s) will be required to pay a cash deposit to the Company when it is necessary to extend the main line more than one-hundred fifty (150) feet per applicant. The cash deposit will be equal to the difference between the minimum capital investment required to serve the applicant(s)'s gas requirements, excluding the one-hundred fifty (150) foot main allotment per applicant, and the amount of capital that the Company can justify investing in the project, based on the anticipated gas requirements of the applicant(s). The 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 quantities, rate schedule, cost of gas, operating and maintenance expense, interest and taxes.

If the net present value of the project is greater than \$1,000 per applicant, the Company may, at its sole discretion, provide a contribution up to \$1,000 per applicant, to offset installation costs of gas piping incurred by the applicant(s).

(C) Indicates Change

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

### 8. Extensions - Continued

#### 8.2 Capital Expenditure Policy – Continued

##### 8.2.2 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).

- (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 quantities of gas for the minimum time period stated in the agreement. Such assurances may be provided in the form of (1) a minimum use agreement, in which applicant contractually agrees to take delivery of certain minimum quantities of gas, and to pay the applicable distribution charges for such quantities, irrespective of applicant's actual consumption of gas or (2) a minimum revenue agreement, in which applicant contractually agrees to pay a minimum amount over the term of the agreement. At the Company's sole discretion, a deposit may be required if the Company is not certain that the applicant will use the quantity of gas, 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 equal to the net present value when the net present value is less than 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 quantity 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 quantities of gas, and to pay the applicable distribution charges for such quantity, irrespective of applicant's actual consumption of gas, or (3) require applicant to enter into a minimum revenue agreement, in which applicant contractually agrees to pay a minimum amount over the term of the agreement. 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 quantity, 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 Payment Period of Deposit**

When an applicant's projected annual usage is greater than 64,400 therms, the Company and the applicant may negotiate the period over which the deposit will be paid. If the applicant pays thirty percent (30%) of the deposit prior to commencement of the line extension construction, the remaining balance of the deposit may be paid over a period that is agreed upon between the Company and the applicant. Otherwise, the payment period will not exceed ten (10) years. The terms of any payment period will be memorialized in an agreement between the applicant and the Company. The installment amount will be added to and included in the Customer Charge line item on the customer's bill.

(C)

**8.2.5 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.