

ORIGINAL	
H.N.P.U.C. Case No. <u>DG 13-198</u>	
Exhibit No. <u>3</u>	Exhibit 3
Witness _____	
DO NOT REMOVE FROM FILE	

7 - SERVICE AND MAIN EXTENSIONS

7(A) Definitions. The following are definitions of terms used in these provisions relative to main and service extensions and are applicable only in such provisions.

- 1) Service and Main Extensions. Extensions that require the construction of a new gas main and a service from that new main in order to provide requested gas service to a customer.
- 2) Service Extensions. Extensions from an Existing Gas Main to the point of delivery on the customer's premises.
- 3) Main Extension. An extension of the new gas main portion of a Service and Main Extension.
- 4) Existing Gas Main. A main that is installed in the street and through which gas is flowing.
- 5) Abnormal Costs. Abnormal Costs are service and/or main construction costs that are attributable to frost or ledge (including ditching or backfilling necessitated as a result of the presence of frost or ledge), and/or other conditions not typically encountered in service and/or main construction that are peculiar to the particular service and/or main construction concerned. Abnormal Costs are to be paid by the customer.
- 6) Extra Footage. The charge (contribution in aid of construction) for Extra Footage is \$45.64 per foot. The charge will be updated annually by calculating the historical average cost per foot for Service Extensions, excluding overheads, for the most recent calendar year and the updated charge shall be effective April 1.
- 7) Estimated Annual Margin. The Estimated Annual Margin is equal to the estimated revenue to be derived from the monthly Customer Charge and delivery charge to be received from the customer for gas service utilizing the Service and Main Extension or Service Extension during the first twelve (12) months after completion of the extension. The Estimated Annual Margin does not include revenue received by the Company for the cost of gas and local distribution adjustment factor.
- 8) Estimated Cost of Construction. For the purpose of determining the cost of Service and Main Extensions, Estimated Cost of Construction of mains and/or services includes not only the cost of labor and materials for such construction, but also miscellaneous costs incidental thereto or associated therewith, but excluding overheads. Miscellaneous costs include, but are not limited to, meter(s), traffic control and city and town road permits and degradation fees. The customer may perform on-site trenching and backfilling in accordance with the Company's specifications, in which case the Estimated Cost of Construction will be reduced to reflect the costs avoided by the Company as a result of the customer's performance of the work.

7(B) Costs of Extensions. In areas where the Company is authorized to operate, subject to the Application for Service provisions of this tariff, service is available as follows:

- 1) Residential Service Extensions. Residential Service Extensions up to 100 feet in length will be installed at no charge to the customer, unless there are Abnormal Costs associated with such extensions, in which case the customer shall be charged for the Abnormal Costs. For residential Service Extensions in excess of 100 feet, the customer will be charged for the Extra Footage, plus any Abnormal Costs. This Section 7(B)(1) shall apply only to Service Extensions and shall not apply to Service and Main Extensions as described in Section 7(B)(3).
- 2) Commercial and Industrial Service Extensions. Commercial and industrial Service Extensions will be installed at no charge to the customer provided that the Estimated Annual Margin is at

least one-sixth of the Estimated Cost of Construction of the Service Extension, excluding any Abnormal Costs. If the Estimated Annual Margin is less than one-sixth of the Estimated Cost of Construction, the customer will be required to pay to the Company, in advance, any amount by which the Estimated Cost of Construction of the Service Extension exceeds six times the Estimated Annual Margin. Abnormal Costs are charged separately and are not included in the Estimated Cost of Construction for the purpose of this calculation. This Section 7(B)(2) shall apply only to Service Extensions and shall not apply to Service and Main Extensions as described in Section 7(B)(3).

3) Service and Main Extensions.

- a. Residential. Residential Service and Main Extensions will be installed at no charge to the customer provided that the Estimated Annual Margin is at least one-eighth of the Estimated Cost of Construction of the Service and Main Extensions. If the Estimated Annual Margin is less than one-eighth of the Estimated Cost of Construction, the customer will be required to pay to the Company the difference between the Estimated Cost of Construction and eight times the Estimated Annual Margin, plus any Abnormal Costs.

If the Main Extension will serve more than one location, the Company will calculate the sum of the Estimated Annual Margin from all metered services and the sum of the Estimated Cost of Construction for the Main Extension and all Service Extensions to determine whether any payment will be required from the customers to be served. The Company will also include the Estimated Annual Margin and the Estimated Cost of Construction for Service Extensions for all existing premises for which the Company reasonably anticipates will take service, using the assumption that 60% of such premises will take service. If any payment is required, it will be allocated equally among all current metered services that exist as of the date that the Main Extension becomes an Existing Gas Main. Abnormal Costs associated with Main Extensions will be allocated equally among all customers, unless such costs can be attributed to specific customers.

- b. Commercial and Industrial. Commercial and industrial Service and Main Extensions will be installed at no charge to the customer provided that the Estimated Annual Margin is at least one-sixth of the Estimated Cost of Construction of the Service and Main Extensions. If the Estimated Annual Margin is less than one-sixth of the cost of construction of the Service and Main Extensions, the customer will be required to pay to the Company the difference between the Estimated Cost of Construction and six times the Estimated Annual Margin, plus any Abnormal Costs.

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- c. Extensions Serving Customers in More Than One Rate Class. If the Main Extension will serve both residential and commercial or industrial customers, the Company will

determine whether a contribution will be required by the customers by calculating the difference between the Estimated Cost of Construction of the Main and Service Extensions and (i) six times the Estimated Annual Margin for all commercial and industrial customers to be served, plus (ii) eight times the Estimated Annual Margin for all residential customers to be served. The Company will also include in the above calculations the Estimated Annual Margin and the Estimated Cost of Construction of Service Extensions for all existing premises for which the Company reasonably anticipates will take service. If the difference described above is positive, the customers will be required to pay to the Company such difference. The amount of payment will be allocated among all metered services that exist as of the date that the Main Extension becomes an Existing Gas Main based on each customer's proportional share of the Estimated Annual Margin. Abnormal Costs associated with Main Extensions will also be allocated based on each customer's proportional share of the Estimated Annual Margin, unless such costs can be attributed to specific customers, in which case the costs shall be allocated appropriately to specific customers.

- 7(C) Failure to Use Installed Gas Service. If a customer fails, within nine months after the date a service is installed under this Section 7, either in whole or in part, to make use of the service, the customer will reimburse the Company for all costs of constructing, removing and retiring the service less any contribution in aid of construction made by the customer for the service, which will be forfeited.
- 7(D) Easements, Etc. The Company is not required to construct extensions other than in public ways unless the customer provides, in advance and without expense or cost to the Company, all necessary permits, consents, authorizations and right-of-way easements, satisfactory to the Company, for the construction, maintenance and operation of the pipeline.
- 7(E) Shortest Distance. Services are run the shortest practical safe distance to the meter location. However, a customer may have the Company install a longer alternate service provided that the customer pays for the extra expense in advance of installation.
- 7(F) Winter Construction. Ordinarily, no new service pipes or main extensions are installed during the winter conditions (when frost is in the ground) unless the customer defrays the extra expenses.
- 7(G) Timing and Refunding of Contribution. Except as otherwise agreed by the Company under unusual circumstances, any required contribution in aid of construction will be made prior to installation by the Company of a service. To help cover the Company's expenses, damages and lost business, if substantial construction of the building or buildings for which gas service has been sought is not commenced by the earlier of (1) November 30th next following submission of the application; or (2) the date when the Company commences construction of the main and service concerned prior to withdrawal of the application, ten percent (10%) of the contribution will be forfeited to the Company and will not be returned to the customer. The balance of the contribution will be refunded if and when the application is withdrawn, or will be applied toward the new contribution if the customer submits a new application for service or subsequently commences construction of the building or buildings. A new application may be submitted at any time.
- 7(H) Reasonable Duration and Non-Discrimination. Under none of the foregoing provisions will the Company be required to install service pipes or to contract main extensions where the business to be secured may not be of reasonable duration or will tend, in any way, to constitute unreasonable discrimination.
- 7(I) Title. Title of all extensions constructed in accordance with the above shall be vested in the Company.
- 7(J) Other Requirements. The Company generally will not approve any application or, if it shall have

given such approval, will not proceed or continue with main and/or service construction unless the Company is satisfied

- 1) That the final site plans, sub-division plans and plans and specification for building or buildings to be served by the main and/or service concerned, including plans for waste disposal, water and other associated systems and facilities, have been prepared and approved by owner;
- 2) That all permits, exceptions, approvals and authorizations of governmental bodies or agencies required for construction of such building or buildings and associated systems and facilities have been obtained;
- 3) That the customer is proceeding or plans promptly to proceed with such construction; and
- 4) That nothing has occurred or failed to occur which will or is likely to prevent or interfere with such construction.

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