

## RIDER X

### MAIN EXTENSION POLICY

#### AVAILABILITY

Available in entire territory to which tariff Ky.P.S.C. Gas No. 2 applies.

#### APPLICABILITY

Applicable to gas service supplied in accordance with provisions of the appropriate rate currently in effect, from the nearest available distribution main when it is necessary to extend such main.

#### EXTENSION PLAN

1. Normal Extensions. An extension of one hundred (100) feet or less shall be made by the Company to an existing distribution main without charge for a prospective customer who shall apply for and contract to use service for one year or more.
2. Other Extensions. When an extension of the Company's main to serve an applicant amounts to more than one hundred (100) feet per customer, the Company may require the total cost of the excess footage in excess of one hundred (100) feet per customer to be deposited with the Company by the applicant based on the estimated cost per foot for main extensions.

The applicant will be reimbursed under the following plan:

- (i) Each year for a period of up to but not exceeding ten (10) years, which begins on the effective date of the main extension contract, the Company shall refund to the customer, who paid for the excess footage, the cost of one hundred (100) feet of the extension in place for each additional customer connected during the year whose service line is directly connected to the extension installed, but in no case shall the total amount refunded, including the amount determined under paragraph (ii), exceed the amount paid to the Company.
- (ii) Each year for a period of up to but not exceeding ten (10) years, which begins on the effective date of the main extension contract, the Company shall refund to the customer who paid for the excess footage, an amount reflecting the positive impact of a subsequent connection or extension, by analyzing the estimated cost and corresponding revenues resulting from the subsequent connection or extension. This amount will be paid when the first customer is connected to the subsequent connection or extension.
- (iii) If a customer contribution is necessary using the Normal Extension method noted in (1) above, and the extension is between 100 and 2,000 feet in length, the Company will perform a net present value (NPV) analysis based upon the total construction costs for the entire length of the extension, and not just the costs of the extension in excess of 100 feet. The NPV analysis will take into account all volumetric base distribution revenues and fixed monthly charge

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revenues to be received from the customer. The NPV analysis will use the discount rate applicable per the most recent rate case and assume a term of no less than twenty (20) consecutive years. If the NPV calculation is positive or zero, the customer will not be charged for the construction costs. If the NPV calculation is negative, the customer must deposit with the Company an amount equal to the results of the NPV calculation, prior to construction taking place. Any such deposit shall be eligible for a refund consistent with the terms and conditions of the main extension contract entered into between the Company and the customer. Further, the customer must continue to receive gas service from the Company at the same service installation or premises in order to be eligible for a refund. Refunds shall not exceed the amount of the deposit and shall be limited to a period of ten (10) consecutive years following the effective date of the main extension contract.

For large commercial and industrial customers with process load, the Company may require a minimum customer usage commitment for a defined period or term not to exceed six (6) years.

3. An applicant desiring an extension to a proposed real estate subdivision may be required to pay the entire cost of the extension. Each year for a period of up to but not exceeding ten (10) years, which begins on the effective date of the main extension contract, the Company shall refund to the applicant, who paid for the extension, a sum equivalent to the cost of one hundred (100) feet of the extension installed for each additional customer connected during the year, but in no case shall the total amount refunded over the ten (10) year period exceed the amount paid to the Company. There shall be no refunds after the end of the said ten (10) year period.
4. Nothing contained herein shall be construed to prohibit the Company from making extensions under different arrangements provided such arrangements have been approved by the Kentucky Public Service Commission.
5. Nothing contained herein shall be construed as to prohibit the Company from making, at its expense, greater extensions than herein prescribed, should its judgment so dictate, provided like free extensions are made to other customers under similar conditions.
6. Upon complaint to and investigation by the Kentucky Public Service Commission, the Company may be required to construct extensions greater than one hundred (100) feet upon a finding by the Commission that such extension is reasonable.

### **SERVICE REGULATIONS**

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

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