

**SECTION C
GENERAL SERVICE PROVISIONS
INSTALLATION AND EXTENSION OF NATURAL GAS MAINS AND SERVICES
FOR RESIDENTIAL AND COMMERCIAL CUSTOMERS**

The following sets forth the policy of Intermountain Gas Company for the installation and extension of natural gas Mains and Services. These provisions apply to residential (Rate Schedule RS) and commercial (Rate Schedule GS-1) applicants, and are separated into the following Sections:

Section 1 – Customer Extension Provisions

Section 2 – Developer Extension Provisions

Section 3 – Conditions Applicable to Both Customer and Developer

Section 4 – Allowable Investment

Section 5 – Project Cost

Section 6 – Other Payments

Section 7 – Vested Interest and Other Refunds

Section 8 – Definition of Terms

1. CUSTOMER EXTENSION PROVISIONS

- 1.1 The Company will install Services and/or extend its Mains at no charge to the applicant if the Project Cost thereof does not exceed the Allowable Investment.
- 1.2 The Company will provide a Service Point at no charge to the applicant.
- 1.3 The Company will calculate the Allowable Investment for Services and Mains as outlined in Section 4.
- 1.4 The Company will calculate the total Project Cost to install Services and/or extend its Mains as outlined in Section 5.
- 1.5 When the Project Cost exceeds the Allowable Investment, the applicant will pay the difference prior to construction and installation.
 - (a) Payments for costs in excess of the Allowable Investment for Mains are refundable per the provisions stated in Section 7.
 - (b) Payments for costs in excess of the Allowable Investment for Services are not refundable.
- 1.6 A Service and Facilities Agreement must be signed by the applicant prior to the installation of a Service. If the applicant must pay, the Company will outline the Project Cost, Allowable Investment, and all applicable charges on the Agreement.

- 1.7 A Main extension project will require a signed agreement prior to construction. The following agreement options are available:
- (a) A Service and Facilities Agreement and/or a Line Extension Contract – Type B (Investment Agreement) may be used as a guarantee toward the extension of Mains when the homes are either existing or under construction, are outside of Developments, and the total Main extension Project Cost does not exceed the Allowable Investment.
 - (b) A Line Extension Contract - Type A (Contribution Agreement) may be used when a payment is required due to Project Cost in excess of Allowable Investment for Mains. This contract documents the agreement for payment and potential refunds.
 - (c) The Company may require a General Agreement when therm usage or construction costs are unpredictable, or when structures or business operations are non-permanent.

2. DEVELOPER EXTENSION PROVISIONS

- 2.1 For residential and commercial Developments, the Company will follow the same procedures outlined in Section 1 with the exception that the Company will evaluate the combined Project Cost of Service Lines and Mains against the combined Allowable Investment for Service Lines and Mains.
- 2.2 Developer payments and agreements will be determined in the following manner:
- (a) The Company will collect a deposit for the full cost of the Main extension prior to construction if the Company determines the Development is at risk of incompleteness due to current economic conditions, lack of or poor developer track record, or isolated location of the Development. Refunds will be calculated and processed according to Section 7, and the payment will be secured by a Line Extension Contract - Type A (Contribution Agreement).
 - (b) If the combined Project Cost of Services and Mains exceeds the combined Allowable Investment for Services and Mains, the Company will collect the difference from the developer prior to construction. Refunds will be calculated and processed according to Section 7 and the payment will be secured by a Line Extension Contract - Type A (Contribution Agreement).
 - (c) If the combined Allowable Investment for Services and Mains exceeds the combined Project Cost of Services and Mains, the Company may install the required Gas Facilities to serve all lots at no cost to the developer. A Line Extension Contract - Type B (Investment Agreement) will be used as a guarantee that the developer will construct the required buildings used in the Allowable Investment calculation.
 - (d) The Company may require a General Agreement when gas therm usage or construction costs are unpredictable, or when structures or business operations are non-permanent.

3. CONDITIONS APPLICABLE TO BOTH CUSTOMER AND DEVELOPER

- 3.1 The Company reserves the right to cancel contracts if the applicant defers construction of a project for more than six months from the date of the contract, or has not prepared the location where the project is to be constructed to a condition sufficient for the Company to begin

construction within six months of the date of the contract.

- 3.2 Relocation or abandonment of Company owned Gas Facilities will be at the expense of the applicant when required by the applicant.
- 3.3 The applicant may be required to reimburse the Company for the installation, extension, or abandonment of Gas Facilities if the terms of the signed agreement are not met.
- 3.4 The applicant shall indemnify and hold the Company harmless from liability for access for routine maintenance, inspections, and emergencies, or for injury to property caused by the installation of a Service.
- 3.5 The Company will install a single Service per applicant, unless the applicant requests an additional Service. The Company may provide an additional Service on a case-by-case basis, provided there is over one-hundred-feet between meter locations. Each Service must follow the provisions of this section. The Company may waive the one-hundred-foot requirement when an additional Service is required for Multifamily or Interruptible Snowmelt Service (Rate Schedules IS-R and IS-C).

4. ALLOWABLE INVESTMENT

- 4.1 The Allowable Investment for Services and Mains is determined by first calculating the estimated annual therm usage and then applying the Allowable Investment Factor per therm.
- 4.2 The estimated annual therm usage is calculated as follows:
 - (a) For residential applicants:

When natural gas is the primary heat source, calculate the estimated annual space heating therm usage by multiplying the square foot factor of 0.234 by the square footage of the home.

To the estimated annual space heating therm usage, add gas appliance annual therm usage estimates from the chart below, as applicable, to calculate the total estimated therm usage per year. Non-discretionary load appliances not on this list can be estimated by the Company on a case-by-case basis. In residential Developments where specific appliances are unknown at the time of calculation, the Company will base therm estimates on only the estimated annual space heating therm usage plus the water heater therm estimate.

Natural Gas Appliances Annual Therm Estimates	
Range	23
Seasonal Fireplace	50
Grill	15
Clothes Dryer	28
Water Heater	240

(b) For commercial applicants:

The therm usage estimate will be determined by the Company on a case-by-case basis. The estimate will be based on the climate zone, the heated structure square footage, commercial property type, and applicable gas appliances.

- 4.3 To determine the Allowable Investment per applicant, multiply the estimated annual therm usage per applicant by the applicable Allowable Investment Factor below to calculate the Allowable Investment in dollars:

Allowable Investment Factors			
Customer Type	Service	Main	Combined
Residential	0.593	0.660	1.253
Commercial	0.445	0.495	0.940

- 4.4 The applicant agrees to install and activate gas appliances pursuant to the signed agreement(s) and the therm usage estimates used to determine the Allowable Investment.
- 4.5 The Company may calculate the Allowable Investment for applicants with structures or business operations which are non-permanent on a case-by-case basis.

5. PROJECT COST

- 5.1 In the event the Company can defray any of the trench and backfill costs, for example by sharing a trench with other utilities, the cost reduction will be included in the Main extension cost or Service cost estimates.
- 5.2 The Service Line Project Cost estimate is determined by multiplying the on-property Service Line length by \$12.38 per foot.
- 5.3 The Main Extension Project Cost estimate is based on the Gas Facilities (excluding Services) required to serve the gas load of the requesting applicant. This includes but is not limited to Main, regulator stations, valves, stubs and Main fittings.
- (a) The Company will provide a Project Cost estimate to the applicant prior to execution of an agreement.
- (b) The estimate will exclude costs for Company Betterment.
- (c) The Company includes construction overhead charges in the amount of 11.92%.
- (d) The Main extension Project Cost will be divided by the number of estimated Service Points to calculate the Main extension Project Cost per applicant.

6. OTHER PAYMENTS

- 6.1 The Company may require advanced payment from the applicant in the following situations:
- (a) As a guarantee when proposed structures and Services are temporary in nature or the gas load is unpredictable.
 - (b) When the Company conducts pre-construction engineering studies to improve the accuracy of cost estimates.
- 6.2 If an advanced payment is collected according to Section 6.1(a), the Company will refund an amount equal to the Allowable Investment to customers who meet the terms outlined in the General Agreement for guaranteed usage. Refunds will not exceed the amount of the advanced payment.
- 6.3 If an advanced payment is collected according to Section 6.1(b), and the actual cost of installation is less than the estimated cost, the difference will be refunded to the customer.

7. VESTED INTEREST AND DEPOSIT REFUNDS

- 7.1 A customer or developer is eligible for refund of a payment made for Project Costs in excess of the Allowable Investment for Mains when additional Service Points, not used in the original calculation or in a previous refund calculation, connect to the Main extension within five years from installation.
- (a) The Company will conduct annual reviews to determine if additional customers have connected to the Main and turned on gas service.
 - (b) Intermountain will take the steps outlined in Section 4 to calculate the Allowable Investment for Mains for each additional customer.
 - (c) The Company will refund to the original applicant or developer the equivalent of the Allowable Investment for Mains for each additional customer. Refunds will be made up to the total upfront payment, but not to exceed the Project Cost in excess of Allowable Investment for Mains.
- 7.2 When a project for which the Company collects a deposit as outlined in Section 2.2(a) is completed or at the end of five years, whichever is sooner, the Company will refund the deposit less any Project Cost in excess of Allowable Investment.

8. DEFINITION OF TERMS

- 8.1 Allowable Investment – The portion of the cost of Gas Facilities funded by the Company (see Section 4 for Allowable Investment amounts).
- 8.2 Allowable Investment Factor – A factor derived from the Present Value (PV) of the embedded cost of Mains and Services in the Company's approved tariff. The PV calculation uses the IPUC approved Weighted Average Cost of Capital as the discount rate over the life of the plant. Allowable Investment Factors for Service and Main are calculated separately (see Section 4.3).

- 8.3 Applicant – A person or entity requesting the Company to provide new, relocation or abandonment of Gas Facilities.
- 8.4 Company Betterment – The portion of the cost estimate for the extension of Gas Facilities that provides a benefit to the Company, but is not required by the applicant, based on the applicant's estimated gas load.
- (a) Betterments may include the installation of Gas Facilities required to ensure the integrity and continuity of the overall Gas Distribution System.
- (b) If the applicant requesting a Main extension is located at the end of the Company's system, in a remote location, or as part of a larger Development, the costs to serve the applicant may not be considered Company Betterment.
- 8.5 Customer – A person or entity that purchases natural gas as an energy source for their residential or commercial use.
- 8.6 Development – Residential or commercial land developments, including subdivisions and coordinated home/business owner projects.
- 8.7 Gas Facilities – Includes, but is not limited to, Mains, Services, regulator stations, valves, risers, tees and other appurtenances.
- 8.8 General Agreement – A mutual agreement between the Company and the Applicant to secure the Company's investment for Facilities installed for unpredictable construction conditions, temporary structures, or unpredictable therm usage.
- 8.9 Main – The underground pipelines, and required fittings, used for the distribution of natural gas upstream of Service Lines.
- 8.10 Project Cost – The cost estimate of gas facilities required to serve the Applicant(s). It can include Main costs, Service costs, or both. Company Betterment costs are excluded.
- 8.11 Service – Combination of the Service Line and the Service Point.
- 8.12 Service Line – An underground gas pipeline and required fittings which extends downstream from a Main, or branches from an existing Service Line to the location of the meter.
- 8.13 Service Point – The point at which the meter is located at the end of the Service Line and includes the meter, meter bar, regulator, shut-off valve, and Electronic Read Transmitter (ERT).