

MAIN EXTENSION RULES - SCHEDULE MX-1

All Customers

1. Where extensions to the company’s distribution system are made under these rules, title and control of such extensions shall at all times remain with the company.
2. Upon written application, the Company shall extend its mains to serve new residential, commercial, and industrial customers provided that each customer to be served, in advance of construction, executes a **Main Extension Payment Agreement** and deposits with the company a contribution or agrees to an extended payment plan under which the customer shall have added to a monthly bill for a period of no more than five years, an amount equal to the difference between the estimated cost of the main extension and the calculated cost allowance.
3. Customers opting for an extended payment plan shall be responsible for the time value of money calculated at the company’s weighted cost of capital in effect at the time the payment agreement is executed, on the unpaid balance, and billed accordingly. Extended payment plans shall only be available to customers with good credit, which is determined at the sole discretion of the company.
4. The estimated cost of the main extension shall be calculated based on estimated current year installed costs for similar projects. The unit costs for main extensions as of April 1, 2012, shall be:

| <i>Main Line Additions - 2012</i> | | | |
|-----------------------------------|----------------------|------------------|----------------------|
| <u>Pipe Size</u> | <u>Cost Per Foot</u> | <u>Pipe Size</u> | <u>Cost Per Foot</u> |
| 1¼-inch | \$3.00 | 3-inch | Actual Cost |
| 2-inch | \$3.00 | 4-inch | Actual Cost |

5. When a larger-than-normal size main is installed to insure adequate service to an area, the customer’s contribution shall be based on the size main required for its load but no less than 2-inch nominal size.
6. Cost allowance(s) for main extension to residential, commercial, or industrial customers shall be calculated using the following formula:

$$\text{Allowance} = \frac{\text{DVR} \times \text{AT}}{\text{CC}}$$

DVR = Distribution Volume Rate from applicable rate schedule
 AT = Customer’s Estimated Annual Therm Use for Applicable Customer Class
 CC = Annual Carrying Cost

Givens: Single Family Residential AT = 948 therms
 Multi-Family Residential AT = 461 therms¹
 CC = 15.00%

Applicable to service rendered on and after April 13, 2012
 PSCW Authorization by letter dated: April 13, 2012

Issued: April 16, 2012

¹ Addition of Multi Family Residential AT approved by PSC in letter dated April 24, 2007. Issued April 26, 2007

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7. The company may consider requests for gas service requiring main extensions received concurrently from a number of prospective customers as a series of individual requests or as one joint request. If considered individually, any required contribution shall be determined for each customer in accordance with Schedule MX-1, Main Extension Rules: All Customers, and based on the allowance and main required by that customer. If considered as a joint request, any required contribution shall be determined by comparing the total extension cost to the combined allowances of the customers and prorated among the customers. However, if in the company's sole judgment such apportionment would be discriminatory, the company shall consider customer class, usage, location, and other factors in allocating the required contribution among the customers. The method to be used shall be determined by the company and applied in a manner to minimize confusion over contribution and/or refund policies.
8. A seasonal non-refundable installation charge of \$5.00 per foot, plus actual cost for special equipment or contractors, shall be required whenever installation is through frost. This charge shall be computed on the total footage installed and is in addition to the cost of the main extension. The seasonal construction period is generally from November 15 to April 15. The seasonal installation charge may be waived if, in the judgment of the company, unusual construction conditions are not present at the time of actual installation. The seasonal installation charge shall be waived if application for the installation is received by the company prior to November 1, and the premises are at that time in a condition to permit the installation of the facilities.
9. A surcharge billed at time and material (actual cost) will be added when excavation in rock is required. This charge is in addition to the cost of the main extension and is non-refundable. This charge may be waived if the customer provides the trench and padding material for the gas mains. This charge will only apply to the footage where rock is encountered.
10. It is understood that the Public Service Commission of Wisconsin may, from time to time, order a waiver of these provisions as a condition of ordering that gas service be rendered. As such, the company may be ordered to extend gas distribution facilities under terms not in conformity with this extension rule.
11. If a utility easement on public right of way does not exist, the customer shall, without compensation, make or procure satisfactory conveyance to the Company of adequate rights of way for installation of pipe and other Company facilities necessary and incidental to installing the utility main. In case the customer is not the owner of the premises or of the intervening property between such premises and the utility main, the customer shall assist the Company as necessary in obtaining consent for the installation and maintenance on the premises or on such intervening property of all gas piping and any other gas equipment required for the supplying of gas to the customer.
12. The customer shall reimburse the Company for any local government permit fees and charges incurred in connection with the main installation.

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Refunds

The following refund policy applies to all main extensions for which a customer contribution was required, except for those made within developments. (See following section, Serving Developments, for refund policy for developments.)

1. If within five years after installation of a main extension for which a contribution is required, one or more additional customers are connected to the extension by a service lateral, the company shall make a refund annually, or sooner at the company's sole discretion or credit the monthly bill to the current record owner of the premises for which the extension was installed. The amount of the refund shall equal the allowance for additional customers as determined in accordance with Schedule MX-1, Main Extension Rules: All Customers. If the extension was made as a result of a joint request, the company shall allocate the refund in the same manner used to allocate the contribution.
2. Unless otherwise provided by written agreement at the time a contribution is made, the right to receive refund of any contribution held hereunder shall attach to the ownership of the premises at each service location, and any refund shall be made to the person who owns such premises at the time the refund becomes due.
3. The refund of any payment made in advance of construction shall not include interest and shall not exceed the original payment.
4. In the event that multiple customer main extensions occur such that an original main extension, which required a contribution from the original customers, is extended further to serve additional customer(s), the company, at its sole discretion, reserves the right to re-evaluate the contribution requirements for the new customers in conjunction with those of the original main extension. The calculated additional contribution required shall be added to the contribution for the original installation to determine the combined extension contribution requirements. In case the average contribution requirement of the combined extension is less per customer than the original extension(s), the combined extension shall be considered a single extension and the new customer(s) shall be charged the respective contribution requirement(s). The previous contributor(s) shall be refunded the excess of their respective contributions over the recalculated contribution requirements. In case the recalculation of the combined extension(s) results in an average contribution greater than the per customer cost of the original extension(s), the additional main extension shall be considered by itself a separate extension and no refund shall be made to the original contributor(s).

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Serving Developments

Upon request of a developer for gas service to a development for which a main extension is required, the company shall make such installation subject to the availability of gas supply at that location and in accordance with the general provisions of Schedule MX-1, Main Extension Rules: All Customers, and the following provisions:

- a. The development to be served includes five or more building sites.
- b. The developer shall furnish a recorded plat, map, or print of the development showing the location and nature of the area for which gas service is requested. The characteristics, nature, and amount of initial gas load to be served shall be indicated.
- c. The developer shall execute a **Subdivision Main Extension Payment Agreement** with the company.
- d. The developer shall pay in advance to the company, or make payment arrangements that are satisfactory to the company, the total cost of the required main installation including that portion of the main installation that may be required outside of the recorded plat. The advance payment shall be calculated using the rates established in section 1(c) of Schedule MX-1, Main Extension Rules: All Customers. When a developer provides a trench for the installation of gas mains, the Company shall determine its actual cost to install the mains and refund the developer the difference between the advance payment received and the actual cost, if any.
- e. The Company shall refund or credit the developer an amount equal to the allowance for mains determined by the formula contained in Schedule MX-1, Main Extension Rules: All Customers, for each customer within the platted residential or commercial subdivision that begins to use natural gas service, within a period of five years, or until the refund amount equals the total cost of the required main extension, whichever is earlier. Such refunds shall be a single lump sum payment made at the end of such period, without interest.
- f. In no event shall the refund or credit exceed the developer's original payment.