

## **2.02 GS RATE SCHEDULE**

### **GS VOLUMETRIC RATES**

Rates Per Dth Used Each Month				
Dth = dekatherm = 10 therms = 1,000,000 Btu				
	Summer Rates: Apr. 1 - Oct. 31		Winter Rates: Nov. 1 - Mar. 31	
	First 45 Dth	All Over 45 Dth	First 45 Dth	All Over 45 Dth
Base DNG	\$1.99981	\$0.79741	\$2.70165	\$1.49925
CET Amortization	0.00033	0.00014	0.00045	0.00026
DSM Amortization	0.26120	0.26120	0.26120	0.26120
Energy Assistance	0.01244	0.01244	0.01244	0.01244
Infrastructure Rate Adjustment	0.00000	0.00000	0.00000	0.00000
<u>Rural Expansion Rate Adjustment</u>	<u>x.xxxxx</u>	<u>x.xxxxx</u>	<u>x.xxxxx</u>	<u>x.xxxxx</u>
Tax Reform Surcredit 3	<u>(0.03438)</u>	<u>(0.03438)</u>	<u>(0.04550)</u>	<u>(0.04550)</u>
<b>Distribution Non-Gas Rate</b>	<b>\$2.23940</b>	<b>\$1.03681</b>	<b>\$2.93024</b>	<b>\$1.72765</b>
Base SNG	\$0.42320	\$0.42320	\$0.90136	\$0.90136
SNG Amortization	<u>0.01216</u>	<u>0.01216</u>	<u>0.02590</u>	<u>0.02590</u>
<b>Supplier Non-Gas Rate</b>	<b>\$0.43536</b>	<b>\$0.43536</b>	<b>\$0.92726</b>	<b>\$0.92726</b>
Base Gas Cost	\$3.14885	\$3.14885	\$3.14885	\$3.14885
191 Amortization	<u>0.43865</u>	<u>0.43865</u>	<u>0.43865</u>	<u>0.43865</u>
<b>Commodity Rate</b>	<b>\$3.58750</b>	<b>\$3.58750</b>	<b>\$3.58750</b>	<b>\$3.58750</b>
<b>Total Rate</b>	<b>\$6.26226</b>	<b>\$5.05967</b>	<b>\$7.44500</b>	<b>\$6.24241</b>

### **GS FIXED CHARGES**

Monthly Basic Service Fee (BSF):	BSF Category 1	\$6.75
For a definition of meter categories, see § 8.03.	BSF Category 2	\$18.25
	BSF Category 3	\$63.50
	BSF Category 4	\$420.25
Annual Energy Assistance credit for qualified low income customers:		\$77.00
For a description of the Low Income Program, see § 8.03 - Energy Assistance Fund.		

### **GS CLASSIFICATION PROVISIONS**

- (1) Service is used for purposes such as space heating, air conditioning, water heating, clothes drying, cooking or other similar uses.
- (2) Service is subject to a monthly basic service fee.
- (3) Service is subject to Weather Normalization Adjustment as explained in § 2.05
- (4) All sales are subject to the additional local charges and state sales tax stated in § 10.01 and § 10.02.
- (5) The Energy Assistance rate is subject to a maximum of \$50 per month. The Energy Assistance rate and Energy Assistance credit are subject to § 8.03.

- (6) Customers who request removal of transponders or decline automated meter reading will be assessed a \$20.00 per month manual meter reading fee.

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## 2.03 FS RATE SCHEDULE

### FS VOLUMETRIC RATES

Rates Per Dth Used Each Month Dth = dekatherm = 10 therms = 1,000,000 Btu						
Summer Rates: Apr. 1 - Oct. 31			Winter Rates: Nov. 1 - Mar. 31			
First 200 Dth	Next 1,800 Dth	All Over 2,000 Dth	First 200 Dth	Next 1,800 Dth	All Over 2,000 Dth	
Base DNG	\$1.09175	\$0.59430	\$0.07067	\$1.62356	\$1.12611	\$0.60247
Energy Assistance	0.01016	0.01016	0.01016	0.01016	0.01016	0.01016
Infrastructure Rate Adjustment	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
<u>Rural Expansion Rate Adjustment</u>	<u>x.xxxxx</u>	<u>x.xxxxx</u>	<u>x.xxxxx</u>	<u>x.xxxxx</u>	<u>x.xxxxx</u>	<u>x.xxxxx</u>
Tax Reform Surcredit 3	(0.01539)	(0.01539)	(0.01539)	(0.02868)	(0.02868)	(0.02868)
<b>Distribution Non-Gas Rate</b>	<b>\$1.08652</b>	<b>\$0.58907</b>	<b>\$0.06544</b>	<b>\$1.60504</b>	<b>\$1.10759</b>	<b>\$0.58395</b>
Base SNG	\$0.42320	\$0.42320	\$0.42320	\$0.87789	\$0.87789	\$0.87789
SNG Amortization	0.01216	0.01216	0.01216	0.02523	0.02523	0.02523
<b>Supplier Non-Gas Rate</b>	<b>\$0.43536</b>	<b>\$0.43536</b>	<b>\$0.43536</b>	<b>\$0.90312</b>	<b>\$0.90312</b>	<b>\$0.90312</b>
Base Gas Cost	\$3.14885	\$3.14885	\$3.14885	\$3.14885	\$3.14885	\$3.14885
191 Amortization	0.43865	0.43865	0.43865	0.43865	0.43865	0.43865
<b>Commodity Rate</b>	<b>\$3.58750</b>	<b>\$3.58750</b>	<b>\$3.58750</b>	<b>\$3.58750</b>	<b>\$3.58750</b>	<b>\$3.58750</b>
<b>Total Rate</b>	<b>\$5.10938</b>	<b>\$4.61193</b>	<b>\$4.08830</b>	<b>\$6.09566</b>	<b>\$5.59821</b>	<b>\$5.07457</b>
Minimum Monthly Distribution Non-Gas Charge: (Base)			Summer	\$191.00		
			Winter	\$284.00		

### FS FIXED CHARGES

Monthly Basic Service Fee (BSF):	BSF Category 1	\$6.75
Does not apply as a credit toward the minimum monthly distribution non-gas charge.	BSF Category 2	\$18.25
For a definition of meter categories, see § 8.03.	BSF Category 3	\$63.50
	BSF Category 4	\$420.25

### FS CLASSIFICATION PROVISIONS

- (1) Load factor is defined to be: Average daily usage ÷ peak winter day. (Average daily usage is equal to the last 3 years of annual usage ÷ 1,095. Peak winter day is defined in Section 11 of this Tariff.) If 3 years of annual usage is not available, the Company may estimate usage or use any available actual usage. Customers with a load factor of 40% or greater qualify for the FS Rate Schedule. Customers with a load factor below 35% do not qualify for FS service. If a customer's load factor falls below 40%, but is greater than 35%, the customer may remain an FS customer for one year, after which such customer must have a load factor of 40% or greater to continue to qualify for FS service.
- (2) Service is subject to a minimum monthly distribution non-gas charge and a monthly basic service fee.
- (3) Minimum annual usage of 2,100 Dth is required.
- (4) All sales are subject to the additional local charges and state sales tax stated in § 10.01 and § 10.02.



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- (5) The Energy Assistance rate is subject to a maximum of \$50.00 per month and other conditions as specified in § 8.03.

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## 2.04 NATURAL GAS VEHICLE RATE (NGV)

### NGV VOLUMETRIC RATES

	Rate Per Dth Used Dth = dekatherm = 10 therms = 1,000,000 Btu
Base DNG	\$8.17277
Energy Assistance	0.01833
Infrastructure Rate Adjustment	0.00000
<u>Rural Expansion Rate Adjustment</u>	<u>x.xxxxx</u>
Tax Reform Surcredit 3	<u>(0.34577)</u>
<b>Distribution Non-Gas Rate</b>	<b>\$7.84533</b>
Base SNG	\$0.65043
SNG Amortization	<u>0.01870</u>
<b>Supplier Non-Gas Rate</b>	<b>\$0.66913</b>
Base Gas Cost	\$3.14885
Commodity Amortization	<u>0.43865</u>
<b>Commodity Rate</b>	<b>\$3.58750</b>
<b>Total Rate</b>	<b>\$12.10196</b>

### NGV CLASSIFICATION PROVISIONS

- (1) Service is used for refueling natural gas-powered vehicles with compressed natural gas at Company-owned refueling stations.
- (2) All sales are subject to the state sales tax described in § 10.01 and the applicable federal excise tax.
- (3) The Energy Assistance rate is subject to a maximum of \$50.00 per month and other conditions as specified in § 8.03.

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## 4.02 IS RATE SCHEDULE

### IS VOLUMETRIC RATES

Rates Per Dth Used Each Month Dth = dekatherm = 10 therms = 1,000,000 Btu			
	First 2,000 Dth	Next 18,000 Dth	All Over 20,000 Dth
Base DNG	\$0.91912	\$0.13879	\$0.08169
Energy Assistance	0.00916	0.00916	0.00916
<u>Rural Expansion Rate Adjustment</u>	<u>x.xxxxx</u>	<u>x.xxxxx</u>	<u>x.xxxxx</u>
Infrastructure Rate Adjustment	0.00000	0.00000	0.00000
Tax Reform Surcredit 3	<u>(0.08737)</u>	<u>(0.05322)</u>	<u>(0.00000)</u>
<b>Distribution Non-Gas Rate</b>	<b>\$0.84091</b>	<b>\$0.09473</b>	<b>\$0.09085</b>
<b>Supplier Non-Gas Rate</b>	<b>\$0.17907</b>	<b>\$0.17907</b>	<b>\$0.17907</b>
Base Gas Cost	\$3.14885	\$3.14885	\$3.14885
191 Amortization	<u>0.43865</u>	<u>0.43865</u>	<u>0.43865</u>
<b>Commodity Rate</b>	<b>\$3.58750</b>	<b>\$3.58750</b>	<b>\$3.58750</b>
<b>Total Rate</b>	<b>\$4.60748</b>	<b>\$3.86130</b>	<b>\$3.85742</b>
Minimum Yearly Charge	Greater of \$3,000.00 or [(Peak Winter Day x 55 days) – (Annual Historical Use)] x Distribution Non-Gas Rates		
Penalty for failure to interrupt or limit usage to contract limits when requested by the Company.	See § 3.02.		

### IS FIXED CHARGES

Monthly Basic Service Fee (BSF):	BSF Category 1	\$6.75
Does not apply as a credit toward the minimum yearly charge.	BSF Category 2	\$18.25
For a definition of BSF categories, see § 8.03.	BSF Category 3	\$63.50
	BSF Category 4	\$420.25

### IS CLASSIFICATION PROVISIONS

- (1) Service on an annual contract basis available to commercial and industrial customers.
- (2) Customer must maintain the ability to interrupt natural gas service.
- (3) Customer's load factor is 15% or greater where load factor is defined to be: Actual or estimated average daily usage is at least 15% of peak winter day.  
(Actual or Estimated Annual Use ÷ 365 days) ÷ Peak Winter Day ≥ 15%.
- (4) Service is subject to minimum yearly charge based on a 15% load factor requirement, see § 4.01. The charge is prorated to the portion of the year gas service is available, see § 8.03.

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- (5) Customer must enter into a service agreement, see § 4.01.
  - (6) Service is subject to a monthly basic service fee.
  - (7) Minimum annual usage of 7,000 Dth is required.
  - (8) All sales are subject to the additional local charges and state sales tax stated in § 10.01 and § 10.02.
  - (9) The Energy Assistance rate is subject to a maximum of \$50.00 per month and other conditions as specified in § 8.03.

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## 5.02 TRANSPORTATION BYPASS FIRM SERVICE RATE SCHEDULE (TBF)

### TBF VOLUMETRIC RATES

Rates Per Dth Redelivered Each Month Dth = dekatherm = 10 therms = 1,000,000 Btu				
	First 10,000 Dth	Next 112,500 Dth	Next 477,500 Dth	All Over 600,000 Dth
Base DNG	\$0.44616	\$0.41813	\$0.29352	\$0.06309
Energy Assistance	0.00022	0.00022	0.00022	0.00022
Infrastructure Rate Adjustment	0.00000	0.00000	0.00000	0.00000
<u>Rural Expansion Rate Adjustment</u>	<u>x.xxxxx</u>	<u>x.xxxxx</u>	<u>x.xxxxx</u>	<u>x.xxxxx</u>
Tax Reform Surcredit 3	(0.00303)	(0.00432)	(0.00302)	(0.00000)
<b>Distribution Non-Gas Rate</b>	<b>\$0.44335</b>	<b>\$0.41403</b>	<b>\$0.29072</b>	<b>\$0.06331</b>
Minimum Yearly Distribution Non-Gas Charge (base)				\$ 149,700
Daily Transportation Imbalance Charge per Dth (outside +/- 5% tolerance)				\$0.08489

### TBF FIXED CHARGES

Monthly Basic Service Fee (BSF): (Does not apply as a credit toward the minimum yearly distribution non-gas charge) For a definition of meter categories, see § 8.03.	BSF Category 1	\$6.75
	BSF Category 2	\$18.25
	BSF Category 3	\$63.50
	BSF Category 4	\$420.25
Administrative Charge, see § 5.01.	Annual	\$3,000.00
	Monthly Equivalent	\$250.00
Firm Demand Charge per Dth, see § 5.01.	Base Annual	\$19.60
	Infrastructure Adder	\$0.00000
	<u>Rural Expansion Adder</u>	<u>\$x.xxxxx</u>
	Tax Reform Surcredit 3	(0.12801)
	Total Annual	\$19.47
	Monthly Equivalent	\$1.62

### TBF CLASSIFICATION PROVISIONS

- (1) Industrial service on a minimum one-year agreement available to end use industrial customers who acquire their own gas supply and who will maintain a load factor of at least 50% where load factor is defined as: Actual or estimated average daily usage is at least 50% of peak winter day.  $(\text{Actual or Estimated Annual Usage} \div 365 \text{ days}) \div \text{Peak Winter Day} \geq 50\%$
- (2) Volumes must be transported to the Company's system under firm transportation capacity on upstream pipelines to interconnect points approved by the Company or on alternative transportation to approved interconnect points if customer's upstream firm transportation is disrupted.



- (3) Service is subject to a minimum yearly charge, an administrative charge, and a monthly basic service fee.
- (4) If the customer's gas is not delivered to the Company's system, the Company is not obligated to deliver gas to the customer. When the customer's gas is being delivered to the Company, the balancing provisions in § 5.06 will apply.
- (5) Transportation Bypass Firm transportation service is only available to those customers who receive all of their natural gas service through the Company's facilities.
- (6) All sales are subject to the applicable local charges and state sales tax stated in § 10.01 and § 10.02.
- (7) Fuel reimbursement of 1.5% applies to all volumes transported; see § 5.01.
- (8) Annual usage must be at least 350,000 Dth plus an additional 225,000 Dth for every mile away from the nearest interstate pipeline. Distance from the interstate pipeline will be measured as the most feasible route that would be determined by a reasonable and prudent natural gas utility operator. A customer with another bona fide, lawful bypass option may be included in the TBF rate class upon approval by the Commission.
- (9) TBF customers are permitted to purchase interruptible transportation in excess of the firm demand amount to which they subscribe by paying the TS volumetric rates.
- (10) The Energy Assistance rate is subject to a maximum of \$50.00 per month and other conditions as specified in § 8.03.

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## 5.03 MUNICIPAL TRANSPORTATION SERVICE RATE SCHEDULE (MT)

### MT RATES

Rates Per Dth Used Each Month Dth = dekatherm = 10 therms = 1,000,000 Btu	
MT Volumetric	\$0.81601/Dth
Energy Assistance	0.00848/Dth
Infrastructure Rate Adjustment	0.00000/Dth
<u>Rural Expansion Rate Adjustment</u>	<u>x.xxxxx/Dth</u>
<b>Distribution Non-Gas Rate</b>	<b>\$0.82449/Dth</b>
Daily Transportation Imbalance Charge (outside +/- 5% tolerance)	\$0.08489/Dth

### MT FIXED CHARGES

Monthly Basic Service Fee (BSF):	BSF Category 1	\$6.75
For a definition of BSF categories, see § 8.03.	BSF Category 2	\$18.25
	BSF Category 3	\$63.50
	BSF Category 4	\$420.25
Administrative Charge, see § 5.01.	Annual	\$3,000.00
	Monthly Equivalent	\$250.00

### MT CLASSIFICATION PROVISIONS

- (1) Service is used for a municipal gas system owned and operated by a municipality as defined by Utah Code Ann. § 10-1-104(5). The customer must enter into a contract specifying the maximum daily contract demand. If requested, the Company will provide MT customers with its forecast of the maximum daily demand for any contract period. The Company is not obligated to provide service in excess of the maximum daily contract demand.
- (2) Annual load factor is 15% or greater, where load factor is defined to be: Actual or estimated average daily usage is at least 15% of peak winter day.  
$$(\text{Actual or Estimated Annual Use} \div 365 \text{ days}) \div \text{Peak Winter Day} \geq 15\%$$
- (3) If the customer's gas is not delivered to the Company's system, the Company is not obligated to deliver gas to the customer and the balancing provisions described in § 5.06 will apply.
- (4) All sales are subject to any applicable local charges and sales tax stated in § 10.01 and § 10.02.
- (5) Fuel reimbursement of 1.5% applies to all volumes transported, see § 5.01.
- (6) MT service is not required if it will subject the Company to regulatory jurisdiction by anyone other than the Commission.

- (7) An MT customer will be required to notify the Company before it proposes to extend service beyond the state of Utah or into a service area designated by the Federal Energy Regulatory Commission (FERC) pursuant to 7(f) of the Natural Gas Act. Such service extension will be cause for termination of MT service by the Company, unless it is demonstrated, prior to service extension, that an order has been issued by the FERC, or any other federal, state or local entity potentially exercising regulatory jurisdiction, showing respectively that the Company will not be subject to the regulatory jurisdiction of the FERC or other federal, state or local entity, and, with respect to an order issued by the FERC, that the Company will not lose any Hinshaw status that it may have. The Company may also terminate MT service commenced upon the issuance of any such order described above if the order is stayed or if an administrative or judicial appeal of such order results in a finding that providing the MT service subjects it to the jurisdiction of the FERC, or other federal, state or local entity, or results in a loss of any Hinshaw status it may have.
- (8) Service is only available for cities where the Company does not have a franchise or an existing distribution system.
- (9) For municipal customers with usage on more than one rate schedule, the usage for different rate schedules must be separately metered and subject to the appropriate administrative charge as provided for in the Administrative Charge paragraph of § 5.01.
- (10) The Energy Assistance rate is subject to a maximum of \$50.00 per month and other conditions as specified in § 8.03.

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## 5.04 TRANSPORTATION SERVICE RATE SCHEDULE (TSF and TSI)

### TSF and TSI VOLUMETRIC RATES

Rates Per Dth Redelivered Each Month Dth = dekatherm = 10 therms = 1,000,000 Btu				
	First 200 Dth	Next 1,800 Dth	Next 98,000 Dth	All Over 100,000 Dth
Base DNG	\$1.01063	\$0.66065	\$0.27017	\$0.09999
Energy Assistance	0.00081	0.00081	0.00081	0.00081
Infrastructure Rate Adjustment	0.00000	0.00000	0.00000	0.00000
<u>Rural Expansion Rate Adjustment</u>	<u>- x.xxxxx</u>	<u>- x.xxxxx</u>	<u>- x.xxxxx</u>	<u>- x.xxxxx</u>
Tax Reform Surcredit 3	(0.00458)	(0.00436)	(0.00388)	(0.00085)
<b>Distribution Non-Gas Rate</b>	<b>\$1.00686</b>	<b>\$0.65710</b>	<b>\$0.26710</b>	<b>\$0.09995</b>

Penalty for failure to interrupt or limit usage when requested by the Company See § 3.02

Daily Transportation Imbalance Charge per Dth (outside +/- 5% tolerance) \$0.08489

### TSF and TSI FIXED CHARGES

Monthly Basic Service Fee (BSF):	BSF Category 1	\$6.75
	BSF Category 2	\$18.25
For a definition of BSF categories, see § 8.03.	BSF Category 3	\$63.50
	BSF Category 4	\$420.25
Administrative Charge, see § 5.01.	Annual	\$3,000.00
	Monthly Equivalent	\$250.00
Firm Demand Charge per Dth TSF Volumes, see § 5.01.	Base Annual	\$36.68
	Infrastructure Adder	\$0.00000
	<u>Rural Expansion Adder</u>	<u>\$x.xxxxx</u>
	Tax Reform Surcredit 3	(0.19917)
	Total Annual	\$36.48
	Monthly Equivalent	\$3.04

### TSF and TSI CLASSIFICATION PROVISIONS

- (1) Service is available to end-use customers acquiring their own gas supply.
- (2) Customer must accept redelivery of all volumes received by the Company for its account. Imbalances will be subject to the provisions of § 5.06.
- (3) Service is subject to a monthly basic service fee and an administrative charge.
- (4) The interruptible portion of transportation service is provided on a reasonable-efforts basis, subject to interruption at any time after notice and as otherwise provided under Section 3.

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- (5) The Customer may offer to sell, and the Company may agree to purchase, the Customer's interrupted volumes in accordance with the provisions of § 5.01.
  - (6) All states are subject to the additional local charges and state sales tax stated in § 10.01 and § 10.02.
  - (7) Fuel reimbursement of 1.5% applies to all volumes transported; see § 5.01.
  - (8) The Energy Assistance rate is subject to a maximum of \$50 per month and other conditions as specified in § 8.03.
  - (9) Customer meter must be a rotary or turbine meter or AL800 or larger diaphragm meter. If meter needs to be replaced it will be replaced at customers expense.
  - (10) If the customer's gas is not delivered to the Company's system, the Company is not obligated to deliver gas to the customer and the balance provisions in § 5.06 will apply.

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**9.02 NEW OR ADDITIONAL SERVICE****AVAILABILITY OF NEW OR ADDITIONAL SERVICE**

The Company will approve service for a new customer, an increase in gas requirements for an existing customer, and/or a change in rate schedule only when, in the Company's judgment, the service can be provided in a manner that will not impact the Company's ability to serve its existing customers. This discretionary determination preserves the Company's ability to serve existing customers and to provide for the orderly and equitable attachment of new loads to the Company's system, as well as to assure the most efficient utilization of the Company's available natural gas supplies. This determination will consider, but will not be limited to, the following:

- (1) A determination, using engineering data and analysis where necessary, that the Company's facilities are of adequate size and capacity to allow such service.
- (2) The overall cost of providing such service and the impact on the Company's rates and charges.
- (3) The location of required service in the Company's system, including considerations associated with an expanding market area.
- (4) The end-use of the natural gas, including type of use (e.g., feedstock, boiler, etc.), efficiency of use (e.g., co-generation, heat recovery applications, etc.) and applicability of customer process to development of an alternate fuel or energy.

The Company may make new or additional service available to customers on the basis of rate schedules in effect and circumstances prevailing at the time of application.

Changes in firm rate schedules may be allowed if the customer demonstrates that a permanent change in the use of natural gas has occurred that will cause the existing schedule to no longer be appropriate, as specified above and provided for in § 2.01. If a commercial or industrial customer chooses service under an interruptible rate schedule, any subsequent use of a firm rate schedule by that customer will be subject to the provisions of this Section.

Availability of new or additional service under the above provisions will be at the Company's discretion.

**AVAILABILITY OF SERVICE TO NEW SERVICE EXTENSION AREAS**

Service to new areas will generally be provided under the main and service line extension provisions of § 9.03 and § 9.04. Where service under these provisions, as well as others provided herein, cannot be economically provided, service will be evaluated under the following terms and conditions.

- (1) In situations where the non-refundable payment cannot otherwise be collected, the Company may, at its option, offer an Extension Area Charge (EAC) in lieu of the non-refundable payment.

The EAC will be calculated to provide sufficient revenue to recoup the total non-refundable payment which would otherwise be collected in the new service extension area and allow the Company to recover a return on the deferred portion during the collection period. The Company shall include its justification for the EAC return and an evaluation of the rate in relation to the Company's cost of capital and cost of debt, and the carrying charge interest rate in effect at the time of the filing. Periodically the present value of the projected amount to be collected through the EAC will be compared with the non-refundable payment. If the present value of the projected amount to be collected is higher or lower than the non-refundable payment, the EAC expiration date will be adjusted accordingly.

The residential EAC will be a fixed monthly amount. The commercial EAC will be a variable amount based on the volume of gas used but will not be less than the residential charge.

The EAC will be assessed in conjunction with regular or extension Tariff rates. A table describing areas where the EAC applies, the amount of the EAC and the scheduled expiration date is provided later in this Section.

- (2) Facilities to new service areas may be constructed so long as service to existing customers will not be impaired, including the ability to serve new customers in existing service areas, and resources are available to build and maintain the required facilities in the new service extension area. In no event, will the Company, in any one year, be required to expend funds on new service extension area facilities in excess of 1% of the Company's net book value of gas plant-in-service at the beginning of the year.
- (3) In the event that the Company has multiple applications for service within new service extension areas, facilities with the greatest probability of investment payback and system contribution may be constructed first.

### **RURAL EXPANSION RATE ADJUSTMENT TRACKER**

The Rural Expansion Rate-Adjustment Tracker (Rural Expansion Tracker) allows the Company to track costs that are directly associated with Rural Expansion Infrastructure, defined below, through an incremental surcharge to the GS, FS, IS, TS, MT, TBF and NGV rate schedules (Surcharge). The Surcharge is designed to track and collect costs of Rural Expansion Infrastructure between general rate cases. The projects that will be included in the Rural Expansion Tracker will each be approved by the Commission on an individual basis before the costs are included in the Rural Expansion Tracker.

### **RURAL EXPANSION INFRASTRUCTURE**

Rural Expansion Infrastructure is identified as new gas infrastructure in Rural Expansion areas approved by the Commission, and as required to provide natural gas service to previously unserved areas, to ensure public safety, and to provide reliable service.

### **CALCULATION OF TOTAL RURAL EXPANSION SURCHARGE**

The following components are included in the calculation of the Surcharge:

<u>Rural Expansion Infrastructure</u>	<u>\$X.XXX.XXX</u>
<u>Less: Accumulated Depreciation</u>	<u>XXX.XXX</u>
<u>Accumulated Deferred Income Tax</u>	<u>XXX.XXX</u>
<u>Net Replacement Infrastructure</u>	<u>\$X.XXX.XXX</u>
<u>Current Commission-Allowed Pre-Tax Rate of Return</u>	<u>8.90%</u>
<u>Allowed Pre-Tax Return</u>	<u>\$X.XXX.XXX</u>
<u>Plus: Net Depreciation Expense</u>	<u>XXX.XXX</u>
<u>Denver, Colorado Net Taxes Other Than Income</u>	<u>XXX.XXX</u>
<u>Total Surcharge</u>	<u>\$X.XXX.XXX</u>

### **ASSIGNMENT TO CLASSES**

The Surcharge will be assigned to each rate class based on the Commission-approved total pro rata share of the DNG tariff revenue ordered in the most recent general rate case. The Surcharge assigned to each class will be collected based on a percentage change to the demand charge, if applicable, and each block of volumetric rates of the respective rate schedules.

### **ADJUSTMENT OF SURCHARGE**

The Company may file semi-annually, but will file at least annually, an application to adjust the Surcharge. The Rural Expansion Infrastructure must be in service when the application is filed. All items included in the Tracker are subject to regulatory audit consistent with the audit procedures in the "Gas Balancing Account," Tariff § 2.06. At the time of the Company's next general rate case all prudently incurred investment and costs associated with the Surcharge will be included in base rates.

### **SERVICE LINES IN RURAL EXPANSION AREAS**

Where the Commission approves inclusion of service line costs in the Rural Expansion Infrastructure Tracker, customers who qualify for a no-charge service line must enter into a contract for installation of that service line within two years of the completion of main lines to the subject community. The contract will specify the service line costs and will provide that if the customer has not commenced taking natural gas service either (1) within two years of the completion of the main lines to the community, or (2) within two years of the execution date of the service line agreement, whichever later occurs, then the customer must repay the Company for the specified service line costs.

Issued by C. C. Wagstaff, Senior VP & General Manager	Advice No.	Section Revision No.	Effective Date
	20-0405	23	March 1, 2020