

Rule No. 15

GAS MAIN EXTENSIONS

APPLICABILITY

This Rule is applicable in the Company's California service areas to the extension of gas Distribution Mains necessary to furnish Permanent Service to Applicants and will be made in accordance with the following provisions: (Certain words are defined either within the provisions of this Rule or in Section I of this Rule.)

A. GENERAL

1. Extension Basis

a. Design

The Company will be responsible for planning, designing and engineering extensions using the Company's standards for materials, design and construction.

Applicants may also elect to design that portion of the new extension normally designed by the Company, in accordance with the Applicant Design Option provisions of Section F of this Rule.

b. Installation

(i) The Applicant may select the Company to install an extension in accordance with Section B.2 of this Rule, or

(ii) The Applicant may select to install an extension in accordance with Section B.1 and the Applicant Installation Option in Section G of this Rule.

c. Ownership

The extension facilities installed under the provisions of this Rule shall be owned, operated and maintained by the Company, except for substructures and enclosures that are on, under, within or part of a building or structure.

d. Private Lines

The Company shall not be required to serve any Applicant from extension facilities that are not owned, operated and maintained by the Company.

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A. GENERAL (Continued)

2. Extension Locations

a. Rights-of-Way

The Company will own, operate and maintain extension facilities only:

- (i) Along public streets, alleys, roads, highways and other publicly dedicated ways and places which the Company has the legal right to occupy (Franchise Areas).
- (ii) On public lands and private property across which easements and permits satisfactory to the Company may be obtained without cost to or condemnation by the Company.

b. Normal Route of Line

The length and normal route of an extension will be determined by the Company and considered as the distance along the shortest, most practical, available and acceptable route which is clear of obstructions from the Company's nearest permanent and available distribution facility to the point from which the service facilities will be connected.

3. Special or Added Facilities

Any special or added facilities the Company agrees to install at the request of Applicant will be installed at Applicant's expense.

4. Temporary Service

Facilities installed for temporary service or for operations of speculative character or questionable permanency shall be made in accordance with the fundamental installation and ownership provisions of this rule, except that all charges and refunds shall be made under the provisions of Rule No. 13, Temporary Service.

5. Services

Service facilities connected to the Distribution Mains to serve a customer's premises will be installed, owned and maintained as provided in Rule No. 16, Gas Service Extensions, of this California Gas tariff.

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A. GENERAL (Continued)

6. Contracts

Each Applicant requesting an extension may be required to execute a written contract(s) prior to the Company performing its work on the extension. Such contracts shall be in the form on file with the Commission.

B. INSTALLATION RESPONSIBILITIES

1. Applicant Responsibility

In accordance with the Company's design, specifications and requirements, Applicant is responsible for:

a. Substructures

Furnishing, installing and upon acceptance by the Company, conveying to the Company ownership of all necessary installed substructures.

b. Protective Structures

Furnishing, installing and upon acceptance by the Company, conveying to the Company ownership of all necessary protective structures.

2. Company Responsibility

The Company, if selected by the Applicant, is responsible for the installation of distribution main, valves, regulators and other related distribution equipment required to complete the extension, including all necessary trenching, backfilling and other digging as required.

The Applicant may elect to provide the trench, as discussed in Section B.3.6. If Applicant chooses to perform the trenching, they must also secure permits from the governmental authorities having jurisdiction. If Applicant qualifies for an extension allowance under Section C, the Company will provide Applicant with a reimbursement or credit for the Company's project-specific estimated cost-per-foot of trench.

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B. INSTALLATION RESPONSIBILITIES (Continued)

3. Installation Options

a. Company-Performed Work

Where requested by Applicant and mutually agreed upon, the Company may furnish and install the substructures and/or protective structures, provided Applicant pays the Company its total estimated installed cost.

b. Applicant Performed Work

Applicant may elect to install that portion of the new extension normally installed by the Company, in accordance with the Company's design and specifications, using qualified contractors. (See Section G, Applicant Installation Option.)

C. EXTENSION ALLOWANCES

1. General

The Company will complete an extension without charge provided the Company's total estimated installed cost (excluding services and Meter Set Assemblies subject to Rule No. 16) does not exceed the allowances, from permanent, bona fide loads to be served by the extension, within a reasonable time as determined by the Company.

2. Basis of Allowances

Allowances shall be granted to an Applicant for Permanent Service or to an Applicant for a subdivision or development under the following conditions:

- a. The Company is provided evidence that construction will proceed promptly and financing is adequate.
- b. Applicant has submitted evidence of building permit(s) or fully-executed home purchase contract(s) or lease agreement(s).
- c. Where there is equivalent evidence of occupancy or gas usage satisfactory to the Company.

The allowances in Sections C.3 and C.4 of this Rule are based on a revenue-supported methodology using the following formulas:

$$\text{ALLOWANCE} = \frac{\text{NET REVENUE}}{\text{COST OF SERVICE FACTOR}}$$

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C. EXTENSION ALLOWANCES (Continued)

3. Residential Allowances

The allowance for Permanent Service per meter or residential dwelling unit, on a per-unit basis, is as follows:

	<u>Southern California</u>	<u>Northern California/ South Lake Tahoe</u>
Water Heating	\$ 183	\$ 231
Space Heating	\$ 674	\$ 862
Oven/Range	\$ 69	\$ 28
Dryer Stub	\$ 115	\$ 70
Space Cooling	\$ 1,765	Not Applicable

Residential Applicants for both main and service extensions who are entitled to a Main Extension allowance in excess of the total estimated cost of the Main Extension may apply the amount of the unused portion of such Main Extension allowance toward the cost of the service extension, provided that the sum of the main and service allowances granted by the Company does not exceed the total allowances provided in Rule No. 15, Gas Main Extensions and Rule No. 16, Gas Service Extensions in the California Gas Tariff.

Allowances will be applied first to the Meter Set Assembly; then services; then mains.

4. Non-Residential Allowances

The total allowance for Gas Main Extensions, service extensions, or a combination thereof, for Permanent Service is determined by the Company using the formula in Section C.2 of this Rule. The Company, at its election, may apply a Non-Residential Allowance Net Revenue Multiplier of 5.7 times Net Revenue in its Northern California Division or 6.2 times Net Revenue in its Southern California Division.

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C. EXTENSION ALLOWANCES (Continued)

4. Non-Residential Allowances (Continued)

Where the extension will serve a combination of residential and non-residential meters, residential allowances will be added to the non-residential allowances.

5. Seasonal, Intermittent, Insignificant and Emergency Loads

When Applicant requests service that requires an extension to serve loads that are seasonal or intermittent, the allowance for such loads shall be determined using the formula in Section C.2 of this Rule. No allowance will be provided where service is used only for emergency purposes or for Insignificant Loads.

D. CONTRIBUTIONS OR ADVANCES BY APPLICANT

1. General

Contributions or Advances by an Applicant to the Company for the installation of an extension to receive Company service consist of such things as cash payments, the value of the facilities deeded to the Company and the value of Trenching performed by Applicant.

2. Project-Specific Cost Estimates

The Company's total estimated installed cost will be based on a project-specific estimated cost.

3. Cash Payment

A cash payment will only be required if Applicant's allowance is less than the Company's total estimated installed cost (excluding Meter Set Assemblies, services and Betterment).

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D. CONTRIBUTIONS OR ADVANCES BY APPLICANT (Continued)

4. Postponement

At the Company's option, the payment of that portion of such an Advance that the Company estimates would be refunded within 6 months under other provisions of this rule may be postponed for 6 months if: (1) the Company is provided evidence the construction will proceed promptly and financing is adequate; (2) Applicant has submitted evidence of building permit(s) or fully-executed home purchase contract(s) or lease agreement(s); or (3) where there is equivalent evidence of occupancy or gas usage satisfactory to the Company; and (4) Applicant agrees in writing to pay at the end of 6 months all amounts not previously Advanced.

5. Tax

All Contributions and Advances by Applicant are taxable and shall include an Income Tax Component Contribution (ITCC) at the rate provided in the Company's Preliminary Statement. ITCC Tax will be either refundable or non-refundable in accordance with the corresponding Contribution.

6. Refundable and Non-Refundable Amounts

Applicant shall advance or contribute, before the start of the Company's construction, the following:

a. Refundable Amount

Applicant's refundable amount is the portion of the Company's total estimated installed cost, including taxes, to complete the extension (excluding Meter Set Assemblies, services and Betterment), including the estimated value of the Trenching, that exceeds the amount of extension allowance determined in Section C of this Rule; or,

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D. CONTRIBUTIONS OR ADVANCES BY APPLICANT (Continued)

b. Non-Refundable Discount Option

In lieu of contributing the refundable amount determined in Section D.6.a of this Rule, Residential Applicants have the option of contributing, on a non-refundable basis, 50 percent of such refundable amount. Non-Residential Applicants may be eligible at the Company's option, based on expected revenues, plus;

c. Other Non-Refundable Amounts

Applicant's non-refundable amount is the Company's estimated value of the Substructures and Protective Structures required by the Company for the extension under Section B.1 of this Rule.

7. Joint Applicants

The total Contribution or Advance from a group of Applicants will be apportioned among the members of the group in such manner as they may mutually agree.

8. Payment Adjustments

a. Contract Compliance

If, after six months following the date the Company is first ready to serve residential loads for which allowances were granted (three years for non-residential loads), Applicant fails to take service or fails to use the service contracted for, Applicant shall pay the Company an additional Contribution or Advance based on the allowances for the revenues actually generated.

b. Excess Facilities

If the loads provided by Applicant(s) result in the Company installing facilities which are in excess of those needed to serve the actual loads and the Company elects to reduce such excess facilities, Applicant shall pay the Company its estimated total cost to remove, abandon or replace its excess facilities, less the estimated salvage value of any removed facilities.

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E. REFUND BASIS

1. General

Refunds are based on the allowances and conditions in effect at the time the contract is signed.

2. Total Refundable Amount

The total amount subject to refund is the sum of the refundable amounts made under Section D.6.

3. Refund Period

The total refundable amount is subject to refund for a period of 10 years after the extension is first ready for service.

4. Residential

Refunds will be made on the basis of a new customer's permanent load which produces additional revenues to the Company. The refund will be deducted from the total refundable amount and the remaining amount subject to refund represents that portion of the extension cost not supported by revenues. (See Section E.11 for series refund provisions.)

5. Non-Residential

The Company shall be responsible for reviewing Applicant's actual base annual revenue for the first three years from the date the Company is first ready to serve. Applicant shall be responsible for notifying the Company if new, permanent load is added from the 4th through the 10th year from the date first ready to serve. Such review shall determine if the additional revenue supports any refunds to the Applicant. (See Section E.11 of this Rule for series refund provisions.)

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E. REFUND BASIS (Continued)

6. Unsupported Extension Cost

When any portion of a refundable amount has not qualified for a refund at the end of 36 months from the date the Company is first ready to serve, Applicant will pay to the Company an Ownership Charge on the remaining refundable balance. Ownership Charges will normally be accumulated and deducted from refunds due to the Applicant. This provision does not apply to individual residential Applicants.

7. Refund Timing

Refunds will be made without interest within 90 days after the date of first service to new permanent loads, except that refunds may be accumulated to a \$50 minimum or the total refundable balance, if less than \$50.

8. Maximum Refund

No refund shall be made in excess of the refundable amount nor after a period of 10 years from the date the Company is first ready to serve. Any unrefunded amount remaining at the end of the 10 year period shall become the property of the Company.

9. Previous Rules

Refundable amounts paid, contributed or advanced under conditions of a rule previously in effect will be refunded in accordance with the provisions of such earlier rule.

10. Joint Applicants

When two or more parties make joint Contributions or Advances on the same extension, refunds will be distributed to these parties in the same proportion as their individual Contributions or Advances bear to the total refundable amount, or as they may mutually agree.

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E. REFUND BASIS (Continued)

11. Series of Extensions

Where there are a series of extensions, commencing with an extension having an outstanding amount subject to refund and each extension is dependent upon the previous extension as a direct source of supply, a series refund will be made as follows:

- a. Additional service connections supplied from an extension on which there is a refundable amount will provide refunds first to the extension to which they are connected.
- b. When the amount subject to refund on an extension in a series is fully refunded, the excess refundable amount will provide refunds to the extension having the oldest outstanding amount subject to refund in the series.

F. APPLICANT DESIGN OPTION FOR NEW INSTALLATIONS

1. Competitive Bidding

When Applicant selects the Applicant Design Option, the extension may be designed by Applicant's Qualified Contractor or Subcontractor (QC/S) in accordance with Company's design and construction standards. All applicant design work of gas facilities must be performed by, or under the direction of, a licensed professional engineer, and all design work submitted to the Company must be certified by an appropriately-licensed professional engineer, consistent with the applicable federal, state and local codes and ordinances. The Applicant Design Option is available to Applicants for new service and is not available for replacement, reinforcement, or relocation of existing systems where there is no applicant for new main or service extension work. Under this option, the following applies:

- a. Applicant shall notify the Company in a manner acceptable to the Company.
- b. Applicant designs shall conform to all applicable federal, state, and local codes and ordinances for utility installation designs (such as, but not limited to the California Business and Professions Code).

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F. APPLICANT DESIGN OPTION FOR NEW INSTALLATIONS (Continued)

1. Competitive Bidding (Continued)

- c. Company may require applicant designers to meet the Company's prequalification requirements prior to participating in applicant design.
- d. Applicant designers shall obtain Company design and construction standards and specifications prior to performing applicant design. The Company may charge for any of these services.
- e. Company will perform one plan check on each applicant design project at no expense to Applicant. Company will perform all subsequent plan checks at Applicant's expense.
- f. For designs performed by non-Utility designers, Company will credit Applicant with the amount of Company's design bid less any appropriate charges, such as for plan checking, changes or revisions.
- g. In the case of applicant design projects requiring an advance, Company will apply the design credit to the Applicant's advance.
- h. If no advance is required, Company will refund/reimburse the Applicant for the Company's estimated cost of design after the (Service/Main) Extension is first ready for service.
- i. Company shall perform all Company's project accounting and cost estimating.

G. APPLICANT INSTALLATION OPTION

- 1. When Applicant selects the Applicant Installation Option, the extension may be installed by the Applicant's qualified contractor or subcontractor (QC/S) in accordance with the Company's design and specifications.

Applicants choosing the Applicant Installation Option are subject to the preceding general rules, as well as the following rules and as they might modify the preceding sections.

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G. APPLICANT INSTALLATION OPTION (Continued)

- a. Upon completion of Applicant's installation, and acceptance by the Company, ownership of all such facilities will transfer to the Company.
- b. Applicant shall provide to the Company, prior to the Company preparing the Gas Main extension contract, the Applicant's Contract Anticipated Costs, which are subject to refund, to perform the work normally provided by the Company. The Applicant shall submit, on a form provided by the Company, a statement of such costs. If the Applicant elects not to provide such costs to the Company, the Applicant shall acknowledge its election on the form and the Company will use its estimated costs.
- c. Applicant shall pay to the Company, subject to the refund and allowance provisions of Rule Nos.15 and 16 of this California Gas Tariff, the Company's estimated cost of work performed by the Company for the Gas Main extension, including the estimated cost for design, administration, and installation of any additional facilities.
- d. The lower of the Company's estimated refundable cost, or Applicant's Contract Anticipated Costs, as reported to the Company in G.1.b of this Rule, for the work normally performed by the Company, shall be subject to the refund and allowance provisions of Rule Nos. 15 and 16 of this California Gas Tariff.
- e. Applicant shall pay to the Company the estimated cost of the Company's inspection, which shall be a fixed amount, not subject to reconciliation to actual inspection costs. Such inspection cost is refundable within the allowance up to the difference between the Applicant's Contract Anticipated Costs, as reported in G.1.b herein, and the Company's estimated costs to perform the same work, but not to exceed the Company's estimated costs.
- f. Only duly authorized employees of the Company are allowed to connect to, disconnect from, or perform any work upon the Company's facilities.

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G. APPLICANT INSTALLATION OPTION (Continued)

2. Minimum Contractor Qualifications

Applicant to insure and demonstrate to Company upon request, that the Applicant or Applicant's QC/S is in compliance with the following:

- a. Be licensed in the state of California for the appropriate type of work, such as, but not limited to, gas and general.
- b. Employ workers properly qualified for the specific skills required (plastic fusion, welding, etc.).
- c. Comply with applicable laws, regulations and ordinances (Equal Opportunity regulations, OSHA, EPA, etc.).

3. Other Contractor Qualifications

An Applicant for service who intends to employ a QC/S should also consider whether the QC/S:

- a. Is technically competent.
- b. Has access to proper equipment.
- c. Demonstrates financial responsibility commensurate with the scope of the contract.
- d. Has adequate insurance coverage (worker's compensation, liability, property damage, etc.).
- e. Is able to furnish a surety bond for performance of the contract, if required.

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GAS MAIN EXTENSIONS
(Continued)

H. SPECIAL CONDITIONS

1. Facility Relocation or Rearrangement

Any relocation or rearrangement of the Company's existing facilities, at the request of, or to meet the convenience of, an Applicant or customer and agreed upon by the Company, normally shall be performed by the Company at Applicant's expense. Where new facilities can be constructed in a separate location, before abandonment or removal of any existing facilities, and Applicant requests to perform the new construction work, it can be performed under the applicable provisions of Section G, Applicant Installation Option.

In all instances, the Company shall abandon or remove its existing facilities at the option of the Company. The Applicant or customer shall be responsible for the costs of all related relocation, rearrangement and removal work.

2. Periodic Review

The Company will periodically review the factors it uses to determine its residential allowances, non-refundable discount option percentage rate, Non-residential Allowance Net Revenue Multiplier and cost of service factor stated in this Rule. If such review results in a change of more than 5 percent, the Company will submit a tariff revision proposal to the Commission for review and approval. Such proposed changes shall be submitted no sooner than six months after the last revision.

Additionally, the Company shall submit tariff revisions to implement relevant Commission decisions from other proceedings that affect this Rule.

3. Exceptional Cases

When the application of this rule appears impractical or unjust to either party or the ratepayers, the Company or Applicant may refer the matter to the Commission for a special ruling or for the approval a of special condition(s) which may be mutually agreed upon.

4. Service from Gas Transmission Lines

The Company will not tap a gas transmission line except at its option when conditions in its opinion justify such a tap. Such taps are made in accordance with the provisions of this Rule.

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GAS MAIN EXTENSIONS
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I. DEFINITIONS FOR RULE NO. 15

Advance: Cash payment made to the Company prior to the initiation of any work done by the Company which is not covered by allowances.

Applicant: A person or agency requesting the Company to supply gas service.

Applicant's Contract Anticipated Cost: The cost estimate provided by the Applicant's contractor to the Applicant for performing the applicable refundable work, as stated on the Application-Installation Cost Verification form (Form 130.16), or in the case where work is performed by the Applicant, the Applicant's own cost estimate on the signed form.

Betterment: Facilities installed for the Company's operating convenience such as, but not limited to the following: to improve gas flow or correct poor pressure conditions, to increase line capacity available to an existing system, to permit pressure conversion of an area or to install proportionally larger pipe than necessary to provide for future load growth, will be installed at the expense of the Company.

Contribution: In-kind services and/or the value of all property conveyed to the Company at any time during the Company's work on an extension which is part of the Company's total estimated installed cost of its facilities or cash payments not covered by Applicant's allowances.

Cost of Service Factor: The factor determined by the Company that includes taxes, return, depreciation that is applied to the Net Revenue to determine the Company's investment in distribution facilities.

Distribution Mains: Facilities which are operated at distribution pressure and supply three or more services or run parallel to the property line in a public right-of-way.

Excavation: All necessary trenching, backfilling and other digging as required to install extension facilities, including furnishing of any imported backfill material and disposal of spoil as required, surface repair and replacement and landscape repair and replacement.

Franchise Area: Public streets, roads, highways and other public ways and places where the Company has a legal right to occupy under franchise agreements with governmental bodies having jurisdiction.

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GAS MAIN EXTENSIONS
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I. DEFINITIONS FOR RULE NO. 15 (Continued)

Insignificant Loads: Small operating loads such as log lighters, barbecues, outdoor lighting, etc.

Intermittent Loads: Loads which, in the opinion of the Company, are subject to discontinuance for a time or at intervals.

Joint Trench: Excavation that intentionally provides for more than one service, such as gas, electricity, cable television, telephone, etc.

Main Extension: The length of main and its related facilities required to transport gas from the existing distribution facilities to the point of connection with the service pipe. A Main Extension consists of new distribution facilities of the Company that are required to extend service into an open area not previously supplied to serve an Applicant. It is a continuation of, or branch from, the nearest available existing permanent Distribution Main, to the point of connection of the last service. The Company's Main Extension includes any required substructures and facilities for transmission taps, but excludes services and Meter Set Assemblies.

Meter Set Assembly: Consists of the customer meter, service pressure regulator and associated pipe and fittings.

Net Revenue: That portion of the total rate that supports the Company's extension costs and excludes such items as fuel costs, transmission, storage, public purpose programs, and other costs that do not support the extension costs.

Non-Residential Allowance Net Revenue Multiplier: This is a revenue-supported factor determined by the Company that is applied to the net revenues expected from non-residential loads to determine non-residential allowances.

Ownership Charge: Monthly charge as a percentage rate applied against the outstanding unrefunded refundable balance after 36 months from the date the Company is first ready to serve. Serves to recover the cost of operating and maintaining customer-financed facilities that are not fully utilized. The Ownership Charge percentage rate is equal to the inverse of the Non-Residential Allowance Net Revenue Multiplier contained in Section C.4 of this Rule.

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GAS MAIN EXTENSIONS
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I. DEFINITIONS FOR RULE NO. 15 (Continued)

Permanent Service: Service which, in the opinion of the Company, is of a permanent and established character. This may be continuous, intermittent or seasonal in nature.

Protective Structures: Fences, retaining walls (in lieu of grading), barriers, posts, barricades and other structures as required by the Company.

Residential Development: Five (5) or more dwelling units in two (2) or more buildings located on a single parcel of land.

Residential Subdivision: An area of five (5) or more lots for residential dwelling units which may be identified by filed subdivision plans or an area in which a group of dwellings may be constructed about the same time, either by a builder or several builders working on a coordinated basis.

Seasonal Service: Gas service to establishments which are occupied seasonally or intermittently, such as seasonal resorts, cottages or other part-time establishments.

Substructures: The surface and subsurface structures which are necessary to contain or support the Company's gas facilities. This includes, but is not limited to, equipment vaults and boxes, required sleeves for street crossings and enclosures, foundations or pads for surface-mounted equipment.

Trenching: All necessary Excavation, backfilling and other digging to install extension facilities, including furnishing of any imported backfill material and disposal of spoil as required, surface repair and replacement, and landscape repair and replacement.