**Section 500.320 Extension of Distribution Mains in Rural Areas**

a)

1) A customer whose premises are not located in urban territory as described in Section 500.310 shall be considered as a rural customer.

2) Distribution systems, as used in this Section, shall not include that portion of a utility's system commonly used as interplant connections.

3) The provisions of this Section shall not apply to applicants for service under so-called off-peak or interruptible rate classifications. Said service, when available, shall be governed by an extension provision or agreement which the utility may file with the Commission.

b) Extension Provisions

1) If an extension of a utility's distribution system should be necessary in order to provide firm gas service for an applicant or group of applicants whose premises are located in rural areas within which the utility operates, the utility, upon written request for service by such applicants, shall make the necessary main extension along a street, highway or other right-of-way to the nearest point or points adjacent to the point of connection with the service piping of such applicants, upon agreement by the applicant or group of applicants to comply with the provisions of the following subparagraphs:

A) It shall be optional with the utility to file a main extension provision in conjunction with its rate schedule, which main extension provision may be stated in such manner that the applicant will have a choice of obtaining the extension thereunder or obtaining the extension under subparagraph (c)(1)(B) following. If such main extension provision is thus filed and permitted to become effective by the Commission, then the applicant may, at his election, proceed thereunder or proceed under subparagraph (c)(1)(B) following. The said main extension provision, however, may be stated in such manner as to be in lieu of, and not optional to, subparagraph (c)(1)(B) following, but in that case said main extension provision shall not become effective except after showings that it is generally more favorable to applicants than the provisions of subparagraph (c)(1)(B), and, after specific action by this Commission by order or otherwise, permitting the same to become effective. If such main extension provision last mentioned is thus permitted to become effective, it shall govern the making of extensions.

B)

i) The utility may require the applicant or group of applicants to deposit with the utility the estimated cost of the extension determined in the manner designated in the next following paragraph (c). Each subsequent customer to be connected within a period of ten years from the date of making the original extension shall be required to deposit with the utility an amount equal to the sum of the estimated cost of the existing extension plus the estimated cost of any further extension necessary to serve him, divided by the number of depositors for the entire extension. The excess of this deposit over the estimated cost of any further extension necessary to serve him shall be divided equally by the utility among the previous depositors for the extension. In no case shall the amount of such refund to a customer exceed his deposit, nor shall the total of deposits for any extension exceed the estimated cost of making the extension.

ii) The foregoing provisions are predicated upon agreement by customers that deposits of customers will be equal. If an extension to an existing main would increase present customers' deposits, the new extension shall be considered as an original extension.

iii) If the point of connection with the service piping of a customer is so located that he could be served by extending a separate parallel main at less cost than the amount of deposit which would be required from him for connection to the existing extension, he shall not be required to deposit in excess of the estimated cost of the separate main and he shall not share in any refunds so long as his deposit remains less than that of the other depositors on said extension.

2) In the event an option is available, the applicants will be governed by the majority as applied to any specific extension.

c) Determination of deposit – The distance of the applicant from the available distribution main, nearest by the route which normally would be followed in making the extension and over which right-of-way is available, shall be used as the basis of determining the the amount of the deposit.

d) Commission review – If the extension is of such length and the prospective business which may be developed by it is so meager as to make it doubtful whether the business from the extension would ever pay a fair compensation for its operation, maintenance and replacement, or for other substantial reasons is unwarranted, the fact shall be reported to the Commission for investigation and determination as to the reasonableness of such extension.