**Section 501.600 Extension of Distribution Mains in Urban Areas**

a) Urban Customer

1) For the purposes of this Section, a customer shall be deemed to be an urban customer if his or her premises are located within the incorporated limits of a city, village or town, or in a territory where the conditions of service approximate the conditions of service normally found in recognized urban territory; provided, however, that a public utility may file with the Commission for its consideration maps showing the areas deemed to be urban and, when so filed and approved by order or otherwise by the Commis­sion, those maps shall govern. A utility shall consider a customer whose premises are not located in urban territory to be a rural customer.

2) The provisions of this Section shall not apply to applicants for service under tariffs allowing interruptions of service. A utility with service tariffs that allow the utility to interrupt service to a customer shall file with the Commission an extension provision or an agreement with the applicant that shall govern main extensions for service under those tariffs.

b) Free Extensions

1) If a utility determines that a main extension is necessary to provide firm gas service for an applicant or group of applicants whose premises are located in urban areas within which the utility operates, the utility, upon written request for service by the applicants, shall without charge make the necessary main extension along a street, highway or other right-of-way to the nearest point adjacent to the premises of the applicants, provided the extension does not exceed 100 feet of low pressure system main or 200 feet of high pressure system main per applicant, and provided further that no free extension shall be made from existing mains on which refunds are still due from previous deposits. When refunds are still due, any further extension shall be made only upon the applicant making a deposit equal to the full estimated cost of the further extension required.

2) For the purpose of this Section, high pressure system mains transport gas to the applicant's premises at a nominal pressure of two pounds or more per square inch, and low pressure system mains transport gas at a nominal pressure of less than two pounds per square inch.

c) Extension in Excess of Free Limits

1) If a utility determines that a main extension is necessary to provide firm gas service for an applicant or group of applicants in excess of the free limit specified in subsection (b), and the requested service is in an area where the utility operates, the utility shall make the extension upon agreement by the applicant or group of applicants to comply with the following provisions:

A) A utility may file in conjunction with its rate schedule a main extension provision that would provide the utility customer with the choice of obtaining the extension under the provision or under subsection (c)(1)(C). If a utility files a main extension provision and the Commission permits it to become effective, the applicant may, at his or her election, proceed either under the provision or under subsection (c)(1)(C).

B) A utility may file a main extension provision that operates in place of, and not as an alternative to, subsection (c)(1)(C), but in that case the main ex­tension provision shall not become effective except after a showing that it is generally more favorable to applicants than are the provisions of subsection (c)(1)(C), and after specific action by the Commission, by order or otherwise, permitting the provision to become effective. If the provision becomes effective, it shall govern the making of extensions in excess of the free limits.

C) The utility may require the applicant or group of applicants to deposit with the utility the estimated cost of the extension in excess of the free limit specified in subsection (b), determined in the manner designated in subsection (d). The utility then shall refund an amount equal to the average estimated cost, at the time of making the deposit, of constructing in the area 100 feet of low pressure main or 200 feet of high pressure main, for each additional customer whose service shall be taken from the original extension or from any extension thereof within a period of 10 years from the making of the original exten­sion, provided that the total amount refunded shall not exceed the original deposit.

2) A utility, when reaching agreement with a group of applicants, shall consider the group to be governed by the majority as applied to any specific extension to the extent this option is available.

d) A utility shall provide the applicant with a free estimate of the cost of the requested main extension along the expected route for the main extension designated by the utility. A utility shall also provide a free estimate of the cost of an alternative route if the applicant requests an alternative route and the utility expects the cost for the alternative route to not exceed the cost from the expected route by more than 50%.

e) A utility shall use, as the basis for determining the amount of a deposit, the distance the applicant is from the nearest available distribution main and a route that the utility would normally follow in making the extension and over which right-of-way is available.

f) A utility may petition the Commission for an investigation and determination of the reasonableness of any main extension if circumstances indicate that the additional revenues generated as a result of the main extension would be so meager as to make it unlikely to pay a fair compensation to the utility for its investment, operation, maintenance and replacement of the extension, or that for other substantial reasons the extension is unwarranted. If, after a hearing, the Commission orders a utility to construct an extension that has been challenged on any of these grounds, the applicant or group of applicants shall reimburse the utility for the construction costs to the extent necessary to ensure that the utility earns the Commission-authorized return from the required investment.