

# **DELTA MISSISSIPPI GAS COMPANY, LLC**

## **GAS FACILITY EXTENSION POLICY**

### **I. PREFACE**

Delta Mississippi Gas Company, LLC (“Delta” or “Company”), desires to be the leading energy provider in the State of Mississippi. To accomplish this desire, Delta must continue to offer a customer-centered approach to natural gas service that is safe, reliable, and economical. The purpose of this policy is to aggressively pursue new opportunities to extend gas service in order to meet the energy demands of the communities we serve. To fulfill this purpose, the following Gas Facility Extension Policy has been adopted by Delta and will be effective after its acceptance by the Mississippi Public Service Commission.

### **II. DEFINITIONS**

The following words, phrases and terms, when used in this Gas Facility Extension Policy, shall have the following meaning:

- A. “Base Load Customer” or “Base Load” - a non-seasonal, customer (*i.e., a customer using natural gas 12 months per year*).
- B. “Commission” - The Mississippi Public Service Commission.
- C. “Company” or “Delta”- Delta Mississippi Gas Company, LLC, its successors or assigns.
- D. “Main” - A distribution line that serves as a common source of supply for more than one service line.
- E. “Main Construction Charges” – The average cost, per foot that Company incurs, on a statewide basis, to install gas main, plus applicable Federal and State income taxes.
- F. “Main Extension” – The addition of pipe to an existing main to serve new customers.
- G. “Service Line Construction Charges” - The average cost, per foot that Company incurs on a statewide basis, to install service line, plus applicable Federal and State income taxes.
- H. “Service Line” – The pipe and attached fittings that carry gas from Company’s mains to the customer’s meter.

### **III. CURRENT MAIN AND SERVICE LINE CONSTRUCTION CHARGES**

Company's Current Main Construction Charges for 2" diameter main are \$8.00 per foot. Company's current Service Line Construction Charges are \$9.00 per foot. As costs change from time to time, Company will file revised Main and Service Line Construction Charges with the Commission. The revised construction charges will apply to all Main and Service Line installed after the date such revised charges are approved by the Commission.

### **IV. RESIDENTIAL, SMALL COMMERCIAL, INDUSTRIAL, MULTI-UNIT HIGH RISE CONDOMINIUM AND PUBLIC AUTHORITY GAS SERVICE**

This Section IV applies to all residential and general gas service to small commercial, industrial, multi-unit high rise condominium and public authority customers having estimated consumption of 100 MCF or less in a billing month.

#### **A. Main Extensions**

- (1) This policy does not apply where main in excess of 2" in diameter must be installed in order to have adequate capacity to meet the requirements of the prospective customers. In such cases Company will undertake an economic feasibility study and will construct the Main if the results of the study indicate that the project is feasible.
- (2) When an extension of Main not exceeding 2" in diameter is required, the cost of the Main will be based on 2" diameter pipe, even though Company may deem it advisable to install larger size pipe for the overall operational integrity of the system.
- (3) Mains will be installed for a prospective customer within the limits of public right-of-way to said customer as follows:

##### **(a) Residential Construction Allowance for Base Load Customer**

For a Base Load Customer, the first 100 feet of Main will be installed at no charge. For any footage in excess of 100 feet, any contribution in aid of construction collected will be at a rate equal to Company's current Main Construction Charges approved by the Commission, or as otherwise provided in this policy.

##### **(b) Construction Allowance for Customer with Less than Base Load**

For a customer with less than Base Load, a Company's contribution in aid of construction will be collected for all Main at a rate equal to Company's current Main Construction Charges approved by the Commission.

**(c) Small Commercial, Industrial, Multi-Unit High Rise Condominium, and Public Authority**

For a Base Load Customer, the first 100 feet of Main will be installed at no charge. Any additional footage will be evaluated for economic feasibility. If the study shows that additional footage is feasible with no advance, Company will install the Main at no charge to the customer. If a contribution in aid of construction is required, the prospective customer will be required to make a contribution in aid of construction as necessary to make the extension feasible.

For a non Base Load Customer, any contribution in aid of construction will be collected for all Main at a rate equal to Company's current Main Construction Charges approved by the Commission, or as otherwise provided in this policy.

**B. Service Line Extensions –Residential, Small Commercial, Industrial, Multi-Unit Condominium, and Public Authority.**

From existing mains of adequate capacity, Company will extend Service Lines in accordance with the following:

**(1) Construction Allowance for Base Load Customer**

- (a) Service Line will be installed for a prospective customer within the limits of the public right-of-way at no charge to said customer.
- (b) The first 100 feet of Service Line on the customer's premises will be installed at no charge, and will require an easement from the premises owner.
- (c) Service Line installed in excess of 100 feet on customer's premises will require a non-refundable contribution in aid of construction at a rate equal to Company's current per foot Service Line Construction Charges approved by the Commission, and will require an easement from the premises owner.

**(2) Construction Allowance for Customer with Less than Base Load**

- (a) Service Line will be installed for a prospective customer within the limits of the public right-of-way at no charge to said customer.
- (b) Service Line installed on customer's premises will require a non-refundable contribution in aid of construction at a rate equal to Company's current Service Line Construction Charges approved by the Commission, and will require an easement from the premises owner.

### **(3) Excess Construction Allowance for High-Density Residential Developments**

Where the value of the Construction Allowance for Main and Service Lines exceeds Company's investment in mains and service lines required to serve an apartment building or similar high-density residential development, Company may at its option utilize excess allowances to defray the cost of gas piping and other facilities required for gas utilization in the development.

### **V. LARGE COMMERCIAL, HIGH VOLUME INDUSTRIAL, HIGH VOLUME MULTI-UNIT CONDOMINIUM, AND HIGH VOLUME PUBLIC AUTHORITY CUSTOMERS**

This section applies to all gas service to large commercial, high volume industrial, high volume multi-unit condominium, and high volume public authority customers having estimated consumption in excess of 100 MCF in a billing month.

Construction of facilities to serve such a customer will be done where the results of an economic analysis study indicate that the project is feasible.

- A. Customer will make a non-refundable contribution in aid of construction to Company for the cost of Service Line unless special contractual provisions, such as an annual revenue guarantee, facilities charge, etc., exist and so compensate Company for the Service Line expenditure.
- B. Company will consider refundable and non-refundable contributions in aid of construction, revenue guarantees, facilities charges or other means of establishing the economic feasibility of construction of mains and/or city gate stations to extend service to Customer.

### **VI. ALL CLASSES OF CUSTOMERS**

- A. All facilities shall be constructed by Company or its representative.
- B. High pressure transmission mains of Company's pipeline suppliers are not, under the terms of this policy, to be considered as existing distribution mains. Applications for service from such mains require individual study of all related data.
- C. The foregoing connection and extension regulations do not apply to temporary service. Temporary service will be available only upon individual study on the economics of each request for such service.
- D. Company shall not be required to build extensions even though applicant is willing to pay full construction cost when in the opinion of Company the revenue to be derived therefrom is insufficient to cover operating expense, depreciation, and applicable taxes and cost of purchased gas thereon.

- E. In determining the economic feasibility of constructing Main and Service Line, Company will consider the cost of all materials, labor, overhead necessary to install the Main and any upgrades or improvements thereto, along with all applicable taxes, depreciation expenses, and cost of capital at a rate not to exceed Company's then allowed return on equity.
- F. When an advance or a contribution in aid of construction (hereinafter called "cash advance") is required, the cash advance may be either refundable or non-refundable depending on the following described circumstances:
- (1) The cash advance is made on a refundable basis to the extent that it is for future Base Load Customers (*i.e., total prospective Base Load Customers excluding current applicants*) reasonably expected to be served from the Main extension during the five-year period immediately following installation. Applicants and Company shall execute an agreement specifying the specific terms and conditions of such refundable cash advance, which agreement may be similar in content to the agreements attached hereto as Exhibits B and C. Should an executed agreement contain the same content as Exhibits B or C, except the blanks thereto have been completed, then such agreement is approved by the Commission and a copy shall be maintained by Company for the duration of the agreement. Should an executed agreement contain similar content to Exhibit B or C, then Company shall file a copy of the executed agreement with the Commission and such agreement is effective unless disapproved by the Commission within thirty days of said filing.
  - (2) Any remaining cash advance required after considering the refundable cash advance, if any, is made in the form of a Non-refundable cash advance. The amount of non-refundable cash advance will include the cost of State and Federal taxes due on such contributions.
  - (3) Company may, at its option, forego a cash advance and in lieu thereof obtain an agreement obligating the contracting party to pay Company a non-utilization charge for each occupied structure that does not utilize a Base Load. Such agreements may be similar to the agreements attached hereto as Exhibits A, D and E. Should an executed agreement contain the same content as Exhibits A, D or E, except the blanks thereto have been completed, then such agreement is approved by the Commission and a copy shall be maintained by Company for the duration of the agreement. Should any executed agreement contain similar content to Exhibits A, D or E, then Company shall file a copy of the executed agreement with the Commission and such agreement is effective unless disapproved by the Commission within thirty days of said filing.

- (4) **Facilities Rate.** The term “Excess Footage” as used in this paragraph means all Main in excess of 100 feet in length which must be installed to serve a customer.

Whenever Excess Footage is required to serve a customer, Company may, at its option, apply a Facilities Rate in lieu of a refundable or non-refundable cash advance. The Facilities Rate shall apply to all future billing for customers who are served directly from the new facilities for which the Facilities Rate was instituted.

Whenever the cost to Company of installing Excess Footage, before addition of State and Federal taxes that would otherwise apply to a cash advance, is equal to or less than \$825.00 per customer, the monthly per customer Facilities Rate is \$9.50. If such cost is greater than \$825.00, but not greater than \$1,625.00, the monthly per customer Facilities Rate is \$18.50. If such cost for a customer exceeds \$1,625.00, the \$18.50 monthly charge is applied, and the difference between \$1,625.00 and the total cost to Company of installing the Excess Footage is paid by customer as a cash advance. The amount of the cash advance will be increased to cover the cost of State and Federal taxes due on the cash advance.

Where a Facilities Rate is applied to a Main extension that would have otherwise qualified for a refundable cash advance, Company will review such extension annually for a period not to exceed five (5) years, to determine if sufficient growth has occurred to reduce or eliminate the Facilities Rate.

- (5) Company may, at its option, deviate from the standard main extension requirements and waive the contribution in aid of construction (“CIAC”) required in whole or in part, provided that Company determines, in its sole discretion exercised in good faith, that a project that does not otherwise meet Company’s economic feasibility parameters will allow Company to serve areas with significant growth potential such that, if that potential is reached, the project will meet such feasibility parameters. Prior to any such deviation where the amount of the CIAC exceeds \$25,000, but does not exceed \$100,000, Company will provide to the Commission for its review Company’s economic analysis. Prior to any such deviation where the amount of CIAC exceeds \$100,000, Company shall seek approval from the Commission for a waiver of such CIAC. An annual report listing these CIAC waivers will be provided to the Commission prior to March 15th of each year.

- G. Company may, at its option, waive cash advances in whole or in part if it is provided documented proof that sufficient gas equipment will be installed to justify the cost

of construction or upon Company satisfying itself, based on its studies that prospective growth in the area justifies waiving all or part of the cash advance.

- H. Nothing stated in this Gas Facility Extension Policy shall affect or apply to the Company's use of its Supplemental Growth Rider and the projects selected thereunder, all as approved in Commission Docket 13-UN-214.