FILED
November 26, 2013
INDIANA UTILITY
REGULATORY COMMISSION

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#### STATE OF INDIANA

#### INDIANA UTILITY REGULATORY COMMISSION

APPROVAL OF AND A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR FEDERALLY MANDATED NATURAL GAS TRANSMISSION AND DISTRIBUTION PROJECTS, AND THE COSTS THEREOF, RELATED TO PETITIONER'S COMPLIANCE WITH VARIOUS FEDERALLY MANDATED REQUIREMENTS RELATING TO NATURAL GAS PIPELINE SAFETY AND INTEGRITY; (2) APPROVAL OF CERTAIN TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM PROJECTS, AND THE COSTS THEREOF, UNDERTAKEN FOR PURPOSES OF SAFETY, RELIABILITY, SYSTEM MODERNIZATION, OR ECONOMIC DEVELOPMENT; (3) APPROVAL OF PETITIONER'S 7-YEAR PLAN FOR TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENTS PURSUANT TO IND. CODE CH. 8-1-39 (AND FOR FEDERALLY MANDATED PROJECTS, IN THE EVENT AND TO THE EXTENT THE COMMISSION CONCLUDES THAT SUCH PROJECTS DO NOT MEET THE REQUIREMENTS OF IND. CODE CH. 8-1-8.4), INCLUDING A PROCESS FOR ANNUAL UPDATES TO THE PLAN; (4) APPROVAL OF A RATE ADJUSTMENT MECHANISM AND RELATED AUTHORITY TO UTILIZE ACCOUNTING DEFERRALS, PURSUANT TO IND. CODE CHAPTERS 8-1-8.4 AND 8-1-39, FOR THE TIMELY RECOVERY AND DEFERRAL OF COSTS RELATED TO SUCH FEDERALLY MANDATED AND TRANSMISSION, DISTRIBUTION AND STORAGE PROJECTS (INCLUDING FINANCING COSTS INCURRED DURING CONSTRUCTION); (5) APPROVAL OF OTHER RELATED RATEMAKING RELIEF AND TARIFF PROPOSALS CONSISTENT WITH IND. CODE CH. 8-1-8.4	VERIFIED PETITION OF INDIANA GAS COMPANY, INC. d/b/2	)	
AND NECESSITY FOR FEDERALLY MANDATED NATURAL GAS TRANSMISSION AND DISTRIBUTION PROJECTS, AND THE COSTS THEREOF, RELATED TO PETITIONER'S COMPLIANCE WITH VARIOUS FEDERALLY MANDATED REQUIREMENTS RELATING TO NATURAL GAS PIPELINE SAFETY AND INTEGRITY; (2) APPROVAL OF CERTAIN TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM PROJECTS, AND THE COSTS THEREOF, UNDERTAKEN FOR PURPOSES OF SAFETY, RELIABILITY, SYSTEM MODERNIZATION, OR ECONOMIC DEVELOPMENT; (3) APPROVAL OF PETITIONER'S 7-YEAR PLAN FOR TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENTS PURSUANT TO IND. CODE CH. 8-1-39 (AND FOR FEDERALLY MANDATED PROJECTS, IN THE EVENT AND TO THE EXTENT THE COMMISSION CONCLUDES THAT SUCH PROJECTS DO NOT MEET THE REQUIREMENTS OF IND. CODE CH. 8-1-8.4), INCLUDING A PROCESS FOR ANNUAL UPDATES TO THE PLAN; (4) APPROVAL OF A RATE ADJUSTMENT MECHANISM AND RELATED AUTHORITY TO UTILIZE ACCOUNTING DEFERRALS, PURSUANT TO IND. CODE CHAPTERS 8-1-8.4 AND 8-1-39, FOR THE TIMELY RECOVERY AND DEFERRAL OF COSTS RELATED TO SUCH FEDERALLY MANDATED AND TRANSMISSION, DISTRIBUTION AND STORAGE PROJECTS (INCLUDING FINANCING COSTS INCURRED DURING CONSTRUCTION); (5) APPROVAL OF OTHER RELATED RATEMAKING RELIEF AND TARIFF PROPOSALS CONSISTENT WITH IND. CODE CH. 8-1-8.4 AND 8-1-39; (6) IF NECESSARY, GRANTING OF CONFIDENTIAL TREATMENT FOR CERTAIN CONFIDENTIAL AND PROPRIETARY INFORMATION THAT MAY BE SUBMITTED IN THIS CAUSE; AND	VECTREN ENERGY DELIVERY OF INDIANA, INC., FOR: (1)	)	
TRANSMISSION AND DISTRIBUTION PROJECTS, AND THE COSTS THEREOF, RELATED TO PETITIONER'S COMPLIANCE WITH VARIOUS FEDERALLY MANDATED REQUIREMENTS RELATING TO NATURAL GAS PIPELINE SAFETY AND INTEGRITY; (2) APPROVAL OF CERTAIN TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM PROJECTS, AND THE COSTS THEREOF, UNDERTAKEN FOR PURPOSES OF SAFETY, RELIABILITY, SYSTEM MODERNIZATION, OR ECONOMIC DEVELOPMENT; (3) APPROVAL OF PETITIONER'S 7-YEAR PLAN FOR TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENTS PURSUANT TO IND. CODE CH. 8-1-39 (AND FOR FEDERALLY MANDATED PROJECTS, IN THE EVENT AND TO THE EXTENT THE COMMISSION CONCLUDES THAT SUCH PROJECTS DO NOT MEET THE REQUIREMENTS OF IND. CODE CH. 8-1-8.4, INCLUDING A PROCESS FOR ANNUAL UPDATES TO THE PLAN; (4) APPROVAL OF A RATE ADJUSTMENT MECHANISM AND RELATED AUTHORITY TO UTILIZE ACCOUNTING DEFERRALS, PURSUANT TO IND. CODE CHAPTERS 8-1-8.4 AND 8-1-39, FOR THE TIMELY RECOVERY AND DEFERRAL OF COSTS RELATED TO SUCH FEDERALLY MANDATED AND TRANSMISSION, DISTRIBUTION AND STORAGE PROJECTS (INCLUDING FINANCING COSTS INCURRED DURING CONSTRUCTION); (5) APPROVAL OF OTHER RELATED RATEMAKING RELIEF AND TARIFF PROPOSALS CONSISTENT WITH IND. CODE CH. 8-1-8.4 AND 8-1-39; (6) IF NECESSARY, GRANTING OF CONFIDENTIAL TREATMENT FOR CERTAIN CONFIDENTIAL AND PROPRIETARY INFORMATION THAT MAY BE SUBMITTED IN THIS CAUSE; AND	APPROVAL OF AND A CERTIFICATE OF PUBLIC CONVENIENCE	)	
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DISTRIBUTION AND STORAGE PROJECTS (INCLUDING  FINANCING COSTS INCURRED DURING CONSTRUCTION); (5)  APPROVAL OF OTHER RELATED RATEMAKING RELIEF AND  TARIFF PROPOSALS CONSISTENT WITH IND. CODE CH. 8-1-8.4  AND 8-1-39; (6) IF NECESSARY, GRANTING OF CONFIDENTIAL  TREATMENT FOR CERTAIN CONFIDENTIAL AND PROPRIETARY  INFORMATION THAT MAY BE SUBMITTED IN THIS CAUSE; AND	TIMELY RECOVERY AND DEFERRAL OF COSTS RELATED TO	)	
FINANCING COSTS INCURRED DURING CONSTRUCTION); (5)  APPROVAL OF OTHER RELATED RATEMAKING RELIEF AND  TARIFF PROPOSALS CONSISTENT WITH IND. CODE CH. 8-1-8.4  AND 8-1-39; (6) IF NECESSARY, GRANTING OF CONFIDENTIAL  TREATMENT FOR CERTAIN CONFIDENTIAL AND PROPRIETARY  INFORMATION THAT MAY BE SUBMITTED IN THIS CAUSE; AND	SUCH FEDERALLY MANDATED AND TRANSMISSION,	)	
APPROVAL OF OTHER RELATED RATEMAKING RELIEF AND  TARIFF PROPOSALS CONSISTENT WITH IND. CODE CH. 8-1-8.4  AND 8-1-39; (6) IF NECESSARY, GRANTING OF CONFIDENTIAL  TREATMENT FOR CERTAIN CONFIDENTIAL AND PROPRIETARY  INFORMATION THAT MAY BE SUBMITTED IN THIS CAUSE; AND	DISTRIBUTION AND STORAGE PROJECTS (INCLUDING	)	
TARIFF PROPOSALS CONSISTENT WITH IND. CODE CH. 8-1-8.4 AND 8-1-39; (6) IF NECESSARY, GRANTING OF CONFIDENTIAL TREATMENT FOR CERTAIN CONFIDENTIAL AND PROPRIETARY INFORMATION THAT MAY BE SUBMITTED IN THIS CAUSE; AND	FINANCING COSTS INCURRED DURING CONSTRUCTION); (5)	)	
AND 8-1-39; (6) IF NECESSARY, GRANTING OF CONFIDENTIAL  (1)  TREATMENT FOR CERTAIN CONFIDENTIAL AND PROPRIETARY  INFORMATION THAT MAY BE SUBMITTED IN THIS CAUSE; AND  (2)	APPROVAL OF OTHER RELATED RATEMAKING RELIEF AND	)	
TREATMENT FOR CERTAIN CONFIDENTIAL AND PROPRIETARY INFORMATION THAT MAY BE SUBMITTED IN THIS CAUSE; AND	TARIFF PROPOSALS CONSISTENT WITH IND. CODE CH. 8-1-8.4	)	
INFORMATION THAT MAY BE SUBMITTED IN THIS CAUSE; AND	AND 8-1-39; (6) IF NECESSARY, GRANTING OF CONFIDENTIAL	)	
ALIES TO CONTROL OF THE STATE O	TREATMENT FOR CERTAIN CONFIDENTIAL AND PROPRIETARY	)	
(7) APPROVAL OF OTHER RELIEF AS MAY BE APPROPRIATE )	INFORMATION THAT MAY BE SUBMITTED IN THIS CAUSE; AND	)	
	(7) APPROVAL OF OTHER RELIEF AS MAY BE APPROPRIATE	)	

### PETITIONER'S SUBMISSION OF DIRECT TESTIMONY AND EXHIBITS OF PETITIONER'S WITNESS SCOTT E. ALBERTSON

Petitioner Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana, Inc. ("Petitioner") respectfully submits the Verified Direct Testimony and Exhibits of Scott E. Albertson.

#### Respectfully submitted,

INDIANA GAS COMPANY, INC., d/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC.

> Robert H. Heidorn, Counsel for Petitioner

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Kay Pashos, Atty. No. 16144-49 Ice Miller LLP One American Square, Suite 2900 Indianapolis, IN 46282-0200 317-236-2208 (telephone) 317-592-4676 (fax) Kay.Pashos@icemiller.com

#### **CERTIFICATE OF SERVICE**

The undersigned certifies that the foregoing Verified Direct Testimony and Exhibits were served this 26th day of November 2013, by email delivery, to the Office of Utility Consumer Counselor, PNC Center, 115 W. Washington St., Suite 1500 South, Indianapolis, Indiana 46204.

Robert H. Heidorn,

Counsel for Petitioner

# INDIANA GAS COMPANY, INC. d/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC. (VECTREN NORTH)

**IURC CAUSE NO. 44430** 

**DIRECT TESTIMONY** 

OF

SCOTT E. ALBERTSON

VICE PRESIDENT, REGULATORY AFFAIRS AND GAS SUPPLY

ON

RATE ADJUSTMENT MECHANISM

AND

REVISIONS TO TARIFF FOR GAS SERVICE

SPONSORING PETITIONER'S EXHIBITS SEA-1 THROUGH SEA-6

#### DIRECT TESTIMONY OF SCOTT E. ALBERTSON

IN	TR	OD	U	CT	TO	N

- 2 Q. Please state your name and business address.
- 3 A. Scott E. Albertson
- 4 One Vectren Square
- 5 Evansville, Indiana 47708

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- 7 Q. What position do you hold with Applicant Indiana Gas Company, Inc. d/b/a
  8 Vectren Energy Delivery of Indiana, Inc. ("Vectren North" or "the
  9 Company")?
- 10 A. I am Vice President, Regulatory Affairs and Gas Supply for Vectren Utility
  11 Holdings, Inc. ("VUHI"), the immediate parent company of Vectren North. I hold
  12 the same position with the three utility subsidiaries of VUHI Vectren North,
  13 Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of
  14 Indiana, Inc. ("Vectren South") and Vectren Energy Delivery of Ohio, Inc.
  15 ("Vectren Ohio").

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- 17 Q. Please describe your educational background.
- A. I received a Bachelor of Science degree in mechanical engineering from Rose-Hulman Institute of Technology in 1984. I have been a professional engineer in Indiana since 1990.

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- 22 Q. Please describe your professional experience.
- A. I have over 25 years' experience in the utility industry. I began my career with Ohio Valley Gas Corporation in a project engineering position. I have worked at VUHI and its predecessor companies since 1987 in a variety of positions including Operations Staff Manager, Assistant Chief Engineer, Director of Engineering Projects, Director of Engineering, and Director of Technical Services. I was named Director of Regulatory Affairs for VUHI in 2004, and was promoted to my current position effective July 1, 2012.

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Q. What are your present duties and responsibilities as Vice President,
 Regulatory Affairs and Gas Supply?

A. I have responsibility for coordinating regulatory and rate matters of the regulated utilities within VUHI in proceedings before the Indiana and Ohio utility regulatory commissions. In addition, I am also responsible for overseeing the gas supply function for VUHI's three gas utilities.

#### Q. Have you previously testified before this Commission?

A. Yes. I testified in Vectren North's two most recent general rate cases (Cause Nos. 43298 and 42598), in Vectren South's two most recent gas general rate cases (Cause Nos. 43112 and 42596), and in Vectren South's most recent electric general rate case (Cause No. 43839). I have also testified in numerous GCA, FAC, and other regulatory proceedings on behalf of Vectren North and Vectren South.

Α.

#### Q. What is the purpose of your testimony in this proceeding?

I am sponsoring Vectren North's proposal to implement a rate adjustment mechanism for the recovery of costs incurred pursuant to Ind. Code Ch. 8-1-39 ("TDSIC Statute") (the "TDSIC Plan") as well as Federally Mandated Costs incurred pursuant to Ind. Code Ch. 8-1-8.4 ("Compliance Statute"). These costs are described in detail by Vectren North Witnesses James M. Francis and Thomas L. Bailey. The Company proposes to implement a single regulatory mechanism, the Compliance and System Improvement Adjustment ("CSIA"), for recovery of costs under both the TDSIC Statute and the Compliance Statute. In this manner, the Commission will be able to perform a comprehensive review of Vectren North's activities in these areas in a single, periodic proceeding.

My testimony will describe the proposed CSIA allocation of costs, rate design, and tariff sheet, as well as other proposed changes to Vectren North's Tariff for Gas Service ("Tariff"). I will also explain the Company's proposal to merge its existing Pipeline Safety Adjustment ("PSA") mechanism with the CSIA.

#### Q. Are you sponsoring any Exhibits in this proceeding?

32 A. Yes. I am sponsoring the following exhibits, which were prepared by me or under my supervision

- Petitioner's Exhibit No. SEA-2 CSIA Rate Derivation Schedules (Illustrative)
- Petitioner's Exhibit No. SEA-3 Projected Yearly Revenue Percentage Change
- Petitioner's Exhibit No. SEA-4 Proposed Tariff Sheet: Compliance and System
   Improvement Adjustment
- Petitioner's Exhibit No. SEA-5 Proposed Revised Tariff Sheet: Extension of
   Company's Facilities
  - Petitioner's Exhibit No. SEA-6 Other Tariff Sheet Changes

#### PROPOSED PROCEDURAL SCHEDULE

### Q. What procedural schedule does Vectren North propose for its periodic CSIA filings?

12 Α. Vectren North proposes to file its CSIA petitions and cases in chief every six 13 months, specifically on September 1 and March 1 each year, with new rates 14 becoming effective for the six month periods beginning December 1 and June 1, 15 The petition filed on September 1 will be based on capital respectively. 16 investments and expenses through the previous six month period ended June 17 30, while the petition filed on March 1 will be based on capital investments and 18 expenses through the previous six month period ended December 31. 19 discussed later in my testimony, variances will be reconciled in each semi-annual 20 CSIA filing. The following table summarizes the Company's CSIA procedural 21 schedule proposal:

Filing Date Update Actual Costs Incurred Through Implement Updated CSIA

September 1 June 30 December 1

March 1 December 31 June 1

For example, CSIA-1 would be filed on September 1, 2014, and would update actual costs incurred pursuant to the TDSIC Statute and the Compliance Statute through June 30, 2014. New rates and charges approved in CSIA-1 would be implemented on December 1, 2014. CSIA-2 would then be filed on March 1, 2015, and so on.

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#### CSIA COSTS

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- Q. Please explain how the CSIA will recover costs incurred pursuant to both
   the TDSIC Statute and the Compliance Statute (collectively, "Statutes").
  - Α. A TDSIC component revenue requirement (inclusive of TDSIC Plan costs) and Compliance component revenue requirement (consisting of Federally Mandated Projects costs) will be determined as provided for in the TDSIC Statute and Compliance Statute, respectively, as described in the testimony of Vectren North Witness J. Cas Swiz. Petitioner's Exhibit No. SEA-2 describes "CSIA Costs to be Recovered" as the sum of the TDSIC component revenue requirement, the Compliance component revenue requirement, and any over or under recovery variances.. CSIA filing schedules (e.g. revenue requirement and rate derivation) will be in a form familiar to the Commission. The TDSIC component revenue requirement will include the cost of the TDSIC Plan, which includes new capital investments, financing costs, property taxes, and depreciation, as described by Witnesses Francis and Bailey. The Compliance component revenue requirement will include the cost of Federally Mandated Projects described by Witness Francis, which includes new capital investments, financing costs, property taxes, depreciation and operation & maintenance ("O&M") expenses, undertaken pursuant to the Compliance Statute. I will describe the proposed rate derivation schedules in Petitioner's Exhibit No. SEA-2 in more detail later in my testimony.

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The Company is not proposing to include O&M expenses in the TDSIC component revenue requirement at this time (because there are few incremental O&M expenses associated with the TDSIC Plan). In contrast, there are significant O&M expenses associated with the Federally Mandated Projects. Therefore, if the Commission were to find that any of the Federally Mandated Projects do not qualify for recovery under the Compliance Statute, Vectren North would seek to include the cost of those projects, including the O&M expenses associated with those projects, in the TDSIC component revenue requirement.

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Q. Does Vectren North have a currently effective regulatory mechanism which recovers any types of costs proposed for recovery in the CSIA?

1 A. Yes. The Pipeline Safety Adjustment ("PSA") currently recovers incremental
2 O&M expenses associated with the Company's compliance with federal
3 transmission and distribution pipeline integrity management rules.

4

### 5 Q. Does Vectren North propose to include the types of costs in the CSIA which are currently recoverable in the PSA?

7 A. Yes. In its annual PSA filing currently pending before the Commission in Cause No. 44425, Vectren North indicated its intentions to propose in this proceeding that the PSA be merged with the CSIA.

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#### 11 Q. How does Vectren North propose to merge the PSA with the CSIA?

A. Vectren North proposes that PSA costs incurred through December 31, 2013 continue to be included for recovery in the PSA, and that these mandated O&M expenses incurred on and after January 1, 2014 be deferred and included in the Compliance component revenue requirement. As discussed below, the PSA would eventually be discontinued.

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#### Q. Please further describe the proposed PSA transition.

In Cause No. 44425, Vectren North proposed that the PSA be extended for a three-year period. That three year period would encompass deferral and recovery of incremental costs incurred from August 1, 2013 through July 31, 2016. The Company also requested in Cause No. 44425 approval of new PSA rates to recover actual O&M expenses associated with the Company's compliance with transmission and distribution pipeline integrity management rules for the period August 1, 2012 through July 31, 2013, as well as approval to amortize in the PSA (over the same three year period) costs that had previously exceeded the annual caps applicable to the PSA. If approved by the Commission, an updated PSA will be implemented in early April 2014 and will be expected to remain in effect for 12 months. Under the Company's proposal in this proceeding, Vectren North will again file an annual PSA filing in late 2014 to recover applicable costs for the five remaining months in 2013 (August-December). The PSA rates included in that filing, if approved, would be expected to be in effect from early April 2015 through early April 2016.

- 1 Q. Will the PSA be discontinued after April 2016 since recoverable costs 2 through December 31, 2013 will have been included by that time?
- A. No, the Company proposes that the PSA continue through April 2017 in order to properly amortize the costs described above over the full three year extension period. PSA over and under recovery variances would also remain in the PSA for that period of time. In early April 2017 (i.e. at the time the PSA will have included the entire amount to be amortized as described previously), the Company expects that it will be reasonable to transfer any remaining over or under recovery variance to the CSIA and discontinue the PSA.

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- 11 Q. Should the incremental expenses included for recovery in the PSA in Cause No. 44425 simply be included in the CSIA now?
- 13 A. No. All costs included for recovery in the pending PSA proceeding were incurred 14 prior to Vectren North's request in this proceeding. The Company believes it is 15 appropriate to let the proposed three year PSA extension run its course, while 16 including no expenses incurred beyond December 31, 2013 in the PSA.

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- Q. Since the deferral period proposed herein for the PSA is only five months (August through December, 2013), what caps on recoverable costs does Vectren North propose for that period?
- 21 A. The Company proposes that the annual PSA caps for transmission and 22 distribution integrity management costs approved in Cause No. 44425 will still 23 apply, albeit on a prorated basis. For instance, in Cause No. 44425, the 24 Company has requested a cap on incremental transmission related O&M 25 expenses of \$5.5 million. The prorated cap amount would equate to \$2.29 million 26 (\$5.5 million / 12 x 5). For the period of August 1, 2013 through December 31, 27 2013 (to be filed in late 2014), any incremental transmission related O&M 28 expenses above \$2.29 million would be deferred for future recovery in the PSA. 29 Similarly, the cap proposed in Cause No. 44425 on distribution related expenses 30 (\$2.3 million) would be prorated to \$958,000 for this period. Because no new 31 expenses (beyond December 31, 2013) will be deferred for PSA recovery, 32 Vectren North proposes that any amounts in excess of these prorated caps (and

therefore not included in the 2014 PSA filing) would be included in the next subsequent annual PSA filing, which would be filed in late 2015.

3

#### **Cost Allocation**

- 5 Q. Do the Statutes provide direction to Vectren North on how CSIA costs 6 should be allocated?
- 7 A. The TDSIC Statute provides that a TDSIC petition "must use the customer class revenue allocation factor based on firm load approved in the public utility's most recent retail base rate case order." (Ind. Code § 8-1-39-9) The Compliance Statute is silent as to cost allocation.

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- 12 Q. Were customer class revenue allocation factors approved by the 13 Commission in Vectren North's last rate case, Cause No. 43298 (the "Rate 14 Case")?
- 15 A. No. Vectren North did file a cost of service study in the Rate Case. However, the
  16 Commission did not specifically approve a cost of service study (i.e. customer
  17 class revenue allocation factors) in its final order. The Commission did approve
  18 a Stipulation and Settlement Agreement ("Settlement") in the Rate Case which
  19 reflected an "across the board" revenue increase.

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- Q. What final revenue allocation percentages were included in the Settlement?
- 22 A. The table below reflects the allocation percentages approved for Vectren North in the Rate Case:

24

Rate Schedule	Allocation Percentage
210	70.4734%
220/229	19.7671%
225	0.6129%
240	0.3847%
245	3.5411%
260	5.2208%

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Q. Does Vectren North propose that CSIA costs be allocated in this same manner?

1 A. Yes. The Rate Schedule allocation percentages reflected above are the most recent percentages that have been approved by the Commission and should be used in the CSIA to allocate costs pursuant to both Statutes.

#### Rate Design

- Q. Please describe Vectren North's CSIA rate design proposal.
- A. As reflected in <u>Petitioner's Exhibit No. SEA-2</u>, the Company proposes to recover CSIA costs from residential customers via a fixed charge, and via volumetric charges from all other customers.

- 11 Q. Why does the Company propose a fixed CSIA charge for residential customers, but not for other customers?
  - A. CSIA costs are fixed costs and do not vary with customer usage, so a rate design that reflects the fixed nature of these costs is appropriate. Residential customers are a homogenous group of customers, with similar loads requiring similar facilities, which makes a fixed charge feasible. Non-residential customers' gas requirements, on the other hand, vary significantly between Rate Schedules and may vary significantly within Rate Schedules as well. A more appropriate alternative for non-homogeneous groups of Vectren North's customers would be recovery of CSIA costs via a demand charge. If base rate demand charges were in place currently, those charges would reflect the level of investment the Company has made on behalf of those customers and as such would vary by customer size (e.g. by how much gas a customer uses). In the absence of demand charges, the only remaining alternative one for which an individual customer's bill will vary by size and usage is a volumetric charge.

While Vectren North believes that the service requirements and load characteristics of small General Service customers are also similar enough to warrant consideration of a fixed CSIA charge, the Company is not making that proposal in this proceeding.

Q. Does Vectren North currently recover its fixed costs via fixed charges from any of its customers?

Beyond the portion of fixed costs that are recovered from all customers in the applicable monthly Customer Facilities Charge, no. However, the Company continues to support rate designs that both provide for the recovery of fixed costs via fixed charges (and, likewise, variable costs via variable charges), as well as those that do not make recovery of fixed costs dependent upon customer usage. The Commission has recently found in several natural gas utility base rate cases that utilities should begin to move towards a straight fixed-variable ("SFV") rate design; most recently, in Cause No. 44124, the Commission encouraged Joint Petitioners Citizens Gas and Westfield "to make additional movement toward a straight-fixed variable rate design in their next respective rate case." (Order in Cause No. 44124, page 27.) While Vectren North's base rates are not at issue in this proceeding, and the Company is not proposing to modify the Customer Facilities Charge applicable to residential customers, implementing fixed CSIA charges is an opportunity to begin a gradual move to fixed charges for the recovery of fixed costs. Fixed charges for the recovery of CSIA costs are consistent with the spirit and intent of SFV rate design and are supportive of the Commission's rate design policy in Cause No. 43180 (in which the Commission investigated rate design alternatives for natural gas utilities) as well as in a number of recent gas utility rate cases.

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#### **CSIA Charges**

#### Q. Please explain how CSIA Charges will be derived.

A. As discussed previously, the TDSIC component revenue requirement and Compliance component revenue requirement will be determined as provided for in the TDSIC Statute and Compliance Statute, respectively, as described by Witness Swiz.

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Additionally, actual amounts recovered from customers in each six-month period will be reconciled with those amounts intended for recovery from customers in such period. The CSIA Costs to be Recovered will be the sum of the TDSIC component revenue requirement, the Compliance component revenue requirement, and any variance to be refunded to or collected from customers based on the reconciliation.

As illustrated in <u>Petitioner's Exhibit No. SEA-2</u>, Page 2 of 3, the CSIA Costs to be Recovered will be multiplied by the Rate Schedule allocation percentages discussed previously. Vectren North will then derive CSIA Charges (as shown on <u>Petitioner's Exhibit No. SEA-2</u>, Page 1 of 3) as follows:

Residential Customers: The annual Residential (Rate 210) CSIA Allocated Revenue Requirement will be divided by the projected (over the subsequent 12 month period) number of Residential customers to determine an "annual" Residential CSIA. The annual residential CSIA is then divided by 12 to determine the proposed monthly Residential CSIA. (Even though a CSIA filing will be made every 6 months, annual projected customer count will be used; dividing the annual charge per customer by 12 results in a proposed monthly charge per customer.) Finally, this charge will be grossed-up for applicable Indiana Utility Receipts Tax ("IURT") to determine the actual CSIA to be charged to customers. The following formula depicts how the Residential CSIA is calculated:

### Monthly Residential CSIA =

### Q. Please provide an illustration of how the Residential CSIA Charge is calculated.

A. As shown in <u>Petitioner's Exhibit No. SEA-2</u>, for illustrative purposes, the Residential CSIA Charge is derived as follows:

26	CSIA Costs to be Recovered	\$8,582,797	SEA-2, Page 2 of 3, Line 4
27	Rate 210 Allocation Percentage	70.4734%	SEA-2, Page 2 of 3, Line 5, Col C
28	Rate 210 CSIA Allocated		
29	Revenue Requirement	\$6,048,589	SEA-2, Page 2 of 3, Line 5, Col. D
30	Projected Rate 210 Customer Count	521,663	SEA-2, Page 1 of 3, Line 1, Col. C

32 Monthly Residential CSIA = 
$$(\frac{\$8,582,797*70.4734\%}{521,663})/12 = \$0.97$$

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2 Residential CSIA (with IURT) =  $\frac{\$0.97}{0.9849}$  = \$0.98

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Non-Residential Customers: The CSIA Allocated Revenue Requirement for each Rate Schedule will be divided by projected annual usage for customers in each Rate Schedule to determine the CSIA per therm applicable to each Rate Schedule, respectively. Finally, this volumetric rate will be grossed-up for applicable Indiana Utility Receipts Tax ("IURT") to determine the actual CSIA to be charged to customers. The following formula depicts how the CSIA is calculated for each non-residential Rate Schedule:

12

#### Rate Schedule CSIA =

### (CSIA Costs to be Recovered \*Rate Schedule Allocation Percentage) Projected Annual Rate Schedule Usage

#### 13 Q. Please provide an illustration of how the CSIA applicable to non-14 Residential customers will be determined.

15 A. As shown in <u>Petitioner's Exhibit No.SEA-2</u>, for illustrative purposes, the Rate 220 CSIA will be calculated as follows:

17	CSIA Costs to be Recovered	\$8,582,797	SEA-2, Page 2 of 3, Line 4
18	Rate 220 Allocation Percentage	19.7671%	SEA-2, Page 2 of 3, Line 6, Col. C
10	Pate 220 CSIA Allocated		

19 Rate 220 CSIA Allocated
 20 Revenue Requirement \$1.696.5

Revenue Requirement \$1,696,570 SEA-2, Page 2 of 3, Line 6, Col. D Rate 220 Projected Annual Therms 176,513,247 SEA-2, Page 1 of 3, Line 2, Col. D

22 Rate 220 CSIA = 
$$\frac{\$8,582,797^*19.7671\%}{176.513.247}$$
 = \$0.0096 per therm

23 Rate 220 CSIA (with IURT) =  $\frac{\$0.0096}{0.9849}$  = \$0.0098 per therm

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#### 25 Q. Please describe Petitioner's Exhibit No. SEA-2, Page 3 of 3.

A. Page 3 of 3 provides illustrative CSIA recoveries by month. These are the projected monthly recoveries to which actual CSIA revenues will be compared for reconciliation purposes (and presented in the schedules described by Witness Swiz in his testimony).

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### Q. How will Vectren North communicate updates to the seven year TDSIC

#### 3 Plan?

- 4 A. The Company proposes to make updates to the TDSIC Plan on an annual basis.
- The first such update will be made in Vectren North's initial CSIA filing to be
- 6 made on September 1, 2014. Thereafter, updates to the TDSIC Plan will be
- 7 made in the September CSIA filing each year. The annual updates will reflect
- 8 changes to project cost estimates and scope, as well as project completion
- 9 timing, as discussed by Witnesses Francis and Bailey.

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### Q. For what period does Vectren North propose that the CSIA mechanism be

#### 12 in effect?

- 13 A. The Company proposes that the CSIA mechanism remain in effect until the
- 14 actual costs of the Federally Mandated Projects and TDSIC Plan described by
- Witnesses Francis and Bailey have been included for recovery in the CSIA, or
- until such time as those costs are included in Vectren North's base rates.

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#### **Projected Customer Impacts**

- 19 Q. Has Vectren North projected the impact the costs of the TDSIC Plan will
- 20 have on retail rates and charges, based on the TDSIC Plan discussed by
- Witnesses Francis and Bailey, as required by the TDSIC Statute?
- 22 A. Yes; the Company has estimated the impact the costs included in the TDSIC
- 23 Plan will have on customer rates over time. Petitioner's Exhibit No. SEA-3
- 24 summarizes those estimated year-over-year impacts, in total and by Rate
- 25 Schedule. Vectren North has also included a similar estimate of the impacts of
- 26 the Federally Mandated Projects.

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#### PROPOSED TARIFF SHEET

- 29 Q. Is Vectren North requesting approval of a proposed CSIA tariff sheet in this
- 30 proceeding?
- 31 A. Yes. Petitioner's Exhibit SEA-4 includes the proposed Sheet No. 40, Appendix
- 32 K, Compliance and System Improvement Adjustment.

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#### 1 OTHER TARIFF CHANGES

2	Q.	<b>Does Vectren North</b>	propose an	y other revisions	to its	Tariff?
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- A. The Company proposes to modify Sheet No. 51 Extension of Company's Facilities. Vectren North proposes that Targeted Economic Development Projects, as described by Witness Bailey, are not subject to the Non-Gas Cost Revenue Test described on Sheet No. 51. <a href="Petitioner's Exhibit No. SEA-5">Petitioner's Exhibit No. SEA-5</a> includes both clean and redlined versions of proposed Sheet No. 51 reflecting
- 8 this change.

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#### 10 Q. Are any changes required to the Rate Schedules in the Tariff?

11 A. Yes. The Rate Schedules must be updated to reflect that the CSIA will be 12 applied monthly. Clean and redlined versions of the Tariff Sheet Index and Rate 13 Schedules, reflecting this change, are shown in Petitioner's Exhibit No. SEA-6.

14 15

#### CONCLUSION

- 16 Q. Please summarize your testimony.
- 17 A. My testimony supports the Company's requests for approval of:
- The form of the proposed CSIA
- The procedural process and timelines for periodic CSIA filings
- The process by which updates to the TDSIC Plan will be communicated to
   the Commission
- The CSIA tariff sheet and revisions to certain other tariff sheets

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#### 24 Q. Does this conclude your direct testimony in this Cause?

25 A. Yes, at this time.

#### VERIFICATION

I affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

Scott E. Albertson

### ILLUSTRATIVE

#### **VECTREN NORTH**

### Compliance and System Improvement Adjustment Rate Derivation

For the Period of December 1, 2014 through May 31, 2015

	<u>(A)</u>		<u>(B)</u>	<u>(C)</u>	<u>(D)</u>	<u>(E)</u>		<u>(F)</u>		<u>(F)</u>			(G)		(H)
	Rate		CSIA Allocated Revenue	Projected Customer	Projected Billing Quantities		cs	IA				SIA URT) (1	1)		
Line No.	Schedule		Requirement	Count	(therms)	(\$ Per Month) (\$ Per therm)		(\$ Pe	r Month)		er therm)				
1	210	\$	6,048,589	521,663		\$	0.97			\$	0.98				
2	220/229	\$	1,696,570		176,513,247			\$	0.0096			\$	0.0098		
3	225	\$	52,604		3,665,600			\$	0.0144			\$	0.0146		
4	240	\$	33,018		6,749,531			\$	0.0049			\$	0.0050		
5	245	\$	303,925		92,105,996			\$	0.0033			\$	0.0034		
6	260	\$	448,091		258,491,689			\$	0.0017			\$	0.0018		
7	Total	\$	8,582,797												

#### Note:

(1) IURT gross up factor of 0.9849 effective January 1, 2014.

# ILLUSTRATIVE VECTREN NORTH Compliance and System Improvement Adjustment Allocation of Revenue Requirement

Line	-			Revenue equirement	
1	Compliance con	nponent - Annual Revenue Requirement (12 Montl	ns Ending 06/30/2014)	\$ 7,080,345	JCS-2, Schedule 1, Page 1 of 1, Line 1, Col. C
2	TDSIC compone	ent - Annual Revenue Requirement (12 Months En	nding 06/30/2014)	\$ 1,502,452	JCS-2, Schedule 1, Page 1 of 1, Line 2, Col. C
3	CSIA Variance			\$ -	JCS-2, Schedule 1, Page 1 of 1, Line 6, Col. C
4	CSIA Costs to b	e Recovered		\$ 8,582,797	Line 1 + Line 2 + Line 3
	(A)	(B)	(C)	(D)	
Line	Rate Schedule	Description	Allocation Percentage	IA Allocated Revenue equirement	
		•		-	
5	210	Residential Sales Service	70.4734%	\$ 6,048,589	
6	220/229	General Sales Service	19.7671%	\$ 1,696,570	
7	225	School/Government Transportation Service	0.6129%	\$ 52,604	
8	240	Interruptible Sales Service	0.3847%	\$ 33,018	
9	245	Large General Transportation Service	3.5411%	\$ 303,925	
10	260	Large Volume Transportation Service	5.2208%	\$ 448,091	
				\$ 8,582,797	

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# Illustrative VECTREN NORTH Compliance and System Improvement Adjustment Projected Recoveries by Month

Line No.	Rate Schedule	_	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Annual Total	
1	Projected Customer Count 210 - Residential Sales Service		528,132	528,722	528,122	525,389	520,601	517,063	514,807	513,641	514,332	517,606	523,410	528,137	521,663 12	2 Month Aver
	Projected Volumes (therms)															
2	220/229 - General Sales Service		36,361,927	28,355,533	20,497,035	10,704,147	5,960,988	4,328,804	4,217,965	4,206,748	4,945,713	9,735,486	17,684,280	29,514,621	176,513,247	
3	225 - School/Government Transportation Service		755,118	588,851	425,656	222,290	123,790	89,895	87,593	87,360	102,706	202,174	367,244	612,922	3,665,600	
4	240 - Interruptible Sales Service		954,664	843,399	745,212	628,977	452,793	322,832	216,033	208,235	317,710	603,334	709,772	746,569	6,749,531	
5	245 - Large General Transportation Service		14,182,867	11,369,745	9,685,530	6,767,173	5,317,041	4,231,131	3,988,830	4,266,138	4,939,354	7,054,417	8,911,177	11,392,593	92,105,996	
6	260 - Large Volume Transportation Service		31,026,820	26,268,410	25,217,610	21,604,310	19,240,691	16,581,195	16,264,542	17,454,487	18,563,917	20,208,085	22,298,924	23,762,699	258,491,689	
	Projected Recoveries	(\$ Per Month)														
7	210 - Residential Sales Service	\$ 0.97	510,299	510,870	510,290	507,648	503,022	499,604	497,424	496,297	496,965	500,129	505,737	510,304	6,048,589	
		(\$ Per therm)														
8	220/229 - General Sales Service	0.0096	349,495	272,541	197,009	102,884	57,294	41,607	40,541	40,433	47,536	93,573	169,974	283,682	1,696,570	
9	225 - School/Government Transportation Service	0.0144	10,836	8,450	6,108	3,190	1,776	1,290	1,257	1,254	1,474	2,901	5,270	8,796	52,604	
10	240 - Interruptible Sales Service	0.0049	4,670	4,126	3,646	3,077	2,215	1,579	1,057	1,019	1,554	2,951	3,472	3,652	33,018	
11	245 - Large General Transportation Service	0.0033	46,800	37,517	31,960	22,330	17,545	13,962	13,162	14,077	16,299	23,278	29,405	37,593	303,925	
12	260 - Large Volume Transportation Service	0.0017	53,784	45,536	43,714	37,451	33,353	28,743	28,194	30,257	32,180	35,030	38,655	41,192	448,091	
13	Total Recoveries	_	975,885	879,040	792,726	676,580	615,206	586,784	581,635	583,337	596,008	657,863	752,512	885,219	8,582,797	

Source: Vectren North 2014 Budget

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### **Vectren North**

### **Compliance and System Improvement Adjustment**

### Projected Yearly Revenue Percentage Change TDSIC Plan

			Revenue Change by Rate Schedule (3)								
Year	Investment (1)	Total Revenue Change (2)	210	220/229	225	240	245	260			
2014	\$ 34,086,000	-	-	-	-	-	-	-			
2015	\$ 34,023,000	0.27%	0.28%	0.22%	0.26%	0.19%	0.52%	0.51%			
2016	\$ 41,134,000	0.63%	0.65%	0.52%	0.61%	0.46%	1.22%	1.19%			
2017	\$ 41,134,000	0.69%	0.72%	0.57%	0.67%	0.50%	1.34%	1.30%			
2018	\$ 41,133,000	0.73%	0.75%	0.60%	0.70%	0.53%	1.38%	1.34%			
2019	\$ 43,466,000	0.70%	0.73%	0.58%	0.68%	0.52%	1.31%	1.28%			
2020	\$ 42,466,000	0.64%	0.66%	0.53%	0.62%	0.47%	1.16%	1.14%			
2021		0.65%	0.68%	0.54%	0.63%	0.49%	1.15%	1.13%			

<sup>(1)</sup> Investment Plus Economic Development as shown in Petitioner's Exhibit No. JMF-46

<sup>(2)</sup> Based on Total Revenues as of 09/30/2013

<sup>(3)</sup> Based on Rate Schedule Revenues as of 09/30/2013

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# Vectren North Compliance and System Improvement Adjustment

### Projected Yearly Revenue Percentage Change Federally Mandated Projects

				Revenue Change by Rate Schedule (4)						
			<b>Total Revenue</b>							
 Year	Investment (1)	Expenses (2)	Change (3)	210	220/229	225	240	245	260	
2014	\$ 57,500,000	\$ 11,016,000	-	-	-	-	-	-	-	
2015	\$ 58,541,000	\$ 10,348,000	1.24%	1.29%	1.02%	1.20%	0.90%	2.42%	2.35%	
2016	\$ 55,795,000	\$ 10,499,000	1.71%	1.78%	1.40%	1.65%	1.24%	3.29%	3.20%	
2017	\$ 56,000,000	\$ 10,627,000	1.24%	1.29%	1.02%	1.20%	0.91%	2.33%	2.27%	
2018	\$ 53,725,000	\$ 10,759,000	1.08%	1.12%	0.90%	1.05%	0.80%	1.96%	1.92%	
2019	\$ 44,336,000	\$ 10,931,000	0.99%	1.02%	0.83%	0.96%	0.74%	1.73%	1.69%	
2020	\$ 43,796,000	\$ 11,108,000	0.85%	0.88%	0.72%	0.83%	0.65%	1.43%	1.40%	
2021			0.67%	0.69%	0.57%	0.65%	0.51%	1.08%	1.06%	

<sup>(1)</sup> Investment as shown in Petitioner's Exhibit No. JMF-36

<sup>(2)</sup> Expenses as shown in Petitioner's Exhibit No. JMF-35

<sup>(3)</sup> Based on Total Revenues as of 09/30/2013

<sup>(4)</sup> Based on Rate Schedule Revenues as of 09/30/2013

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# APPENDIX K COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT

#### **APPLICABILITY**

The Compliance and System Improvement Adjustment ("CSIA") shall be applicable to all Customers on the Rate Schedules set forth in the CSIA Charges section below.

#### **DESCRIPTION**

The CSIA shall recover, as approved by the Commission in Cause No. 44430:

- (1) Company's costs incurred pursuant to Federally Mandated Projects as provided for in Ind. Code Ch. 8-1-8.4, and
- (2) Costs associated with Company's TDSIC Plan as provided for in Ind. Code Ch. 8-1-39 for the purposes of safety, reliability, system modernization, or economic development.

#### Reconciliation

Company's actual CSIA costs shall be reconciled semi-annually with actual CSIA recoveries, with any differences being reflected as a charge or credit in a subsequent CSIA.

#### **Allocation Percentages**

CSIA costs shall be allocated to the Rate Schedules based on the Revenue Allocation Percentages approved in Cause No. 43298:

Rate Schedule	Allocation Percentage
210	70.4734%
220/229	19.7671%
225	0.6129%
240	0.3847%
245	3.5411%
260	5.2208%

#### **CSIA CHARGES**

The CSIA shall be applied to each customer or therm of metered gas usage as applicable. The current CSIAs by Rate Schedule are set forth below:

Rate Schedule	\$ per Month	\$ per Therm
210	\$0.00	
220/229		\$0.0000
225		\$0.0000
240		\$0.0000
245		\$0.0000
260		\$0.0000

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## GENERAL TERMS AND CONDITIONS APPLICABLE TO GAS SERVICE

#### 6. EXTENSION OF COMPANY'S FACILITIES

- A. The obligation of Company to provide any extension of facilities shall be subject to the Restrictions on New and Additional Gas Service and Curtailment Procedures made effective pursuant to other provisions of Company's General Terms and Conditions and as otherwise provided by law.
- B. Upon request for Gas Service by a prospective Customer or a group of prospective Customers located in the same area, Company will extend without charge its facilities including distribution mains, underground service pipes, meters and other equipment necessary to provide the service provided:
  - 1) that Company's estimate of its Non-Gas Cost Revenue from such Gas Services provided to the prospective Customer(s) for a period of five and one-half (5.5) years is equivalent to or in excess of Company's estimate of the cost of providing such facilities, and;
  - 2) the prospective patronage or demand is of such permanency as to warrant the capital expenditure involved.
- C. If the cost of the facilities necessary to provide the Gas Service requested exceeds the without-charge limit; Company may require either a deposit or adequate provision of the payment of a deposit equal to the cost of the facilities extension in excess of the without-charge limit.
- D. Any refundable extension deposit accepted by Company shall be subject to refund until the expiration of the six-year contract period. For each Customer connected to the extension, Company shall refund an amount by which five and one-half (5.5) times the estimated annual Non-Gas Cost Revenue for gas appliances actually installed exceeds the estimated cost of connecting such Customer. At no time shall the aggregate refund made to any depositor exceed the amount of extension deposit received from such depositor.
- E. Upon request for Gas Service by a prospective Customer where, in Company's opinion, the facilities extension is of such length and the prospective Non-Gas Cost Revenue which may be developed by it is so meager as to make it doubtful whether the Non-Gas Cost Revenue from the extension would ever pay a fair return on the investment involved, or in the case of a real estate development with slight or no immediate demand for service, or in the case of Industrial installations requiring slight or irregular service and requiring extensive equipment, such facilities extension requests shall be submitted to the Commission for investigation and determination as to the convenience and necessity of such extension, and if so required, the conditions under which they shall be made.
- F. Targeted Economic Development Projects pursuant to Ind. Code Ch. 8-1-39 are excluded from the provisions of Rule 6.B.1.

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## GENERAL TERMS AND CONDITIONS APPLICABLE TO GAS SERVICE

#### 6. EXTENSION OF COMPANY'S FACILITIES

- A. The obligation of Company to provide any extension of facilities shall be subject to the Restrictions on New and Additional Gas Service and Curtailment Procedures made effective pursuant to other provisions of Company's General Terms and Conditions and as otherwise provided by law.
- B. Upon request for Gas Service by a prospective Customer or a group of prospective Customers located in the same area, Company will extend without charge its facilities including distribution mains, underground service pipes, meters and other equipment necessary to provide the service provided:
  - 1) that Company's estimate of its Non-Gas Cost Revenue from such Gas Services provided to the prospective Customer(s) for a period of five and one-half (5.5) years is equivalent to or in excess of Company's estimate of the cost of providing such facilities, and;
  - 2) the prospective patronage or demand is of such permanency as to warrant the capital expenditure involved.
- C. If the cost of the facilities necessary to provide the Gas Service requested exceeds the without-charge limit; Company may require either a deposit or adequate provision of the payment of a deposit equal to the cost of the facilities extension in excess of the without-charge limit.
- D. Any refundable extension deposit accepted by Company shall be subject to refund until the expiration of the six-year contract period. For each Customer connected to the extension, Company shall refund an amount by which five and one-half (5.5) times the estimated annual Non-Gas Cost Revenue for gas appliances actually installed exceeds the estimated cost of connecting such Customer. At no time shall the aggregate refund made to any depositor exceed the amount of extension deposit received from such depositor.
- E. Upon request for Gas Service by a prospective Customer where, in Company's opinion, the facilities extension is of such length and the prospective Non-Gas Cost Revenue which may be developed by it is so meager as to make it doubtful whether the Non-Gas Cost Revenue from the extension would ever pay a fair return on the investment involved, or in the case of a real estate development with slight or no immediate demand for service, or in the case of Industrial installations requiring slight or irregular service and requiring extensive equipment, such facilities extension requests shall be submitted to the Commission for investigation and determination as to the convenience and necessity of such extension, and if so required, the conditions under which they shall be made.
- F. Targeted Economic Development Projects pursuant to Ind. Code Ch. 8-1-39 are excluded from the provisions of Rule 6.B.1.

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# TARIFF SHEET INDEX

TARIFF		
SHEET NO.		DESCRIPTION
1 2 3 4 5-9		TITLE PAGE INDEX LOCATIONS SERVED DEFINITIONS RESERVED FOR FUTURE USE
3 3		NEGERVED FOR FOTORE GGE
	RATE	RATE SCHEDULES
10 11 12 13	210 211 220 225	RESIDENTIAL SALES SERVICE UNMETERED GAS LIGHTING SALES SERVICE GENERAL SALES SERVICE SCHOOL/GOVERNMENT TRANSPORTATION SERVICE
14 15 16 17 18	229 240 245 260 270	NATURAL GAS VEHICLE SERVICE INTERRUPTIBLE SALES SERVICE LARGE GENERAL TRANSPORTATION SERVICE LARGE VOLUME TRANSPORTATION SERVICE LONG-TERM CONTRACT SERVICE
19 20 21 22-29	280 285	RESERVED FOR FUTURE USE POOLING SERVICE SCHOOL/GOVERNMENT POOLING SERVICE RESERVED FOR FUTURE USE
	<u>APPENDIX</u>	<u>APPENDICES</u>
30 31 32 33 34 35 36 37 38 39 40	A B C D E F G H I J K	GAS COST ADJUSTMENT NORMAL TEMPERATURE ADJUSTMENT OTHER CHARGES BASE COST OF GAS NOMINATION AND BALANCING PROVISIONS UNACCOUNTED FOR GAS PERCENTAGE UNIVERSAL SERVICE FUND RIDER PIPELINE SAFETY ADJUSTMENT ENERGY EFFICIENCY RIDER SCHOOL/GOVERNMENT NOMINATION AND BALANCING PROVISIONS COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT RESERVED FOR FUTURE USE
41-49		RESERVED FOR FUTURE USE

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## RATE 210 RESIDENTIAL SALES SERVICE

#### **AVAILABILITY**

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determinations shall be within Company's reasonable discretion.

#### **APPLICABILITY**

This Rate Schedule shall be applicable only to Residential Customers.

#### **CHARACTER OF SERVICE**

This Rate Schedule applies to the provision of Sales Service. Transportation Service is not provided under this Rate Schedule. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

#### **RATES AND CHARGES**

The monthly Rates and Charges for Sales Service hereunder shall be:

#### **Customer Facilities Charge -**

\$11.25 per meter

#### **Distribution Charge -**

First 45 therms @ \$0.2644 per therm Over 45 therms @ \$0.1853 per therm

#### Appendices:

The following Appendices shall be applied monthly, if applicable:

- Appendix A Gas Cost Adjustment
- Appendix B Normal Temperature Adjustment
- Appendix G Universal Service Fund Rider
- Appendix H Pipeline Safety Adjustment
- Appendix I Energy Efficiency Rider
- Appendix K Compliance and System Improvement Adjustment

#### Minimum Monthly Charge -

The Minimum Monthly Charge shall be the Customer Facilities Charge.

#### Other Charges -

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

#### TERMS AND CONDITIONS

Gas Service under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

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## RATE 220 GENERAL SALES SERVICE

#### **AVAILABILITY**

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determinations shall be within Company's reasonable discretion.

#### **APPLICABILITY**

This Rate Schedule shall be applicable to any Non-Residential Customer, electing service hereunder, whose Annual Usage is less than 500,000 therms and whose Maximum Daily Usage is less than 15,000 therms.

#### **CHARACTER OF SERVICE**

This Rate Schedule applies to the provision of Sales Service. Transportation Service is not provided under this Rate Schedule. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

#### **RATES AND CHARGES**

The monthly Rates and Charges for Sales Service hereunder shall be:

#### **Customer Facilities Charge -**

Group 1: \$17.00 Group 2: \$46.00 Group 3: \$93.00

#### **Distribution Charge -**

First 500 therms @ \$0.1740 per therm Over 500 therms @ \$0.1538 per therm

#### Appendices:

The following Appendices shall be applied monthly, if applicable:

- Appendix A Gas Cost Adjustment
- Appendix B Normal Temperature Adjustment
- Appendix G Universal Service Fund Rider
- Appendix H Pipeline Safety Adjustment
- Appendix I Energy Efficiency Rider
- Appendix K Compliance and System Improvement Adjustment

#### Minimum Monthly Charge -

The Minimum Monthly Charge shall be the Customer Facilities Charge.

#### Other Charges –

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

#### CONTRACT

For Customers with Annual Usage greater than 250,000 therms, Customer shall enter into a written contract which specifies the hourly and daily maximum gas requirements of Customer and any other terms reasonably required by Company. The contract shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation

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## RATE 225 SCHOOL/GOVERNMENT TRANSPORTATION SERVICE

#### **AVAILABILITY**

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities, which determination shall be within Company's reasonable discretion.

#### **APPLICABILITY**

This Rate Schedule shall be applicable to any Customer

- 1) whose Annual Usage is less than 50,000 therms and
- 2) for which payment of rates and charges to Company is the responsibility of an Educational Institution or Government Entity, which elects service hereunder.

#### **CHARACTER OF SERVICE**

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

#### **RATES AND CHARGES**

The monthly Rates and Charges for Gas Service hereunder shall be:

#### **Customer Facilities Charge -**

Group 1: \$17.00 Group 2: \$46.00 Group 3: \$93.00

#### **Distribution Charge -**

First 500 therms @ \$0.1740 per therm Over 500 therms @ \$0.1538 per therm

#### Appendices:

The following Appendices shall be applied monthly, if applicable:

- Appendix A Gas Cost Adjustment
- Appendix B Normal Temperature Adjustment
- Appendix G Universal Service Fund Rider
- Appendix H Pipeline Safety Adjustment
- Appendix I Energy Efficiency Rider
- Appendix K Compliance and System Improvement Adjustment

#### Related Charges -

Customer shall reimburse Company for all charges incurred on Customer's behalf in connection with transportation of gas for Customer's account, including any pipeline penalty charges or cashout provisions assessed to Company.

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## RATE 229 NATURAL GAS VEHICLE SERVICE

#### **AVAILABILITY**

This Rate Schedule is available only to those Customers described in the APPLICABILITY section of this Rate Schedule.

#### **APPLICABILITY**

This Rate Schedule shall be applicable to any Customer that elects to receive Gas Service under this Rate Schedule for the express and limited purpose of fueling a natural gas vehicle ("NGV").

#### **CHARACTER OF SERVICE**

Use of natural gas provided hereunder to a Customer-owned NGV facility is limited exclusively for the compression of such gas for use in fueling motorized vehicles and shall not be used by Customer for any other purpose. Gas Service provided hereunder from a designated Company-owned NGV facility is for the express and limited purpose of fueling natural gas vehicles by Customer.

This Rate Schedule applies to the provision of Sales Service. Transportation Service is not provided under this Rate Schedule. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

#### RATES AND CHARGES

The monthly Rates and Charges for Sales Service hereunder shall be:

For Gas Service provided to a Customer-owned NGV facility:

#### **Customer Facilities Charge -**

\$24.90 per meter.

#### **Distribution Charge -**

\$0.0516 per therm for all therms supplied.

For Gas Service provided from a designated Company-owned NGV facility:

#### **Distribution Charge -**

\$0.3948 per therm for all therms supplied.

#### Appendices:

The following Appendices shall be applied monthly:

- Appendix A Gas Cost Adjustment
- Appendix G Universal Service Fund Rider
- Appendix H Pipeline Safety Adjustment
- Appendix K Compliance and System Improvement Adjustment

#### Taxes -

Customer shall be responsible for and shall reimburse the Company for all taxes payable by Company to governmental entities on the sale of natural gas for use in providing NGV service.

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# RATE 240 INTERRUPTIBLE SALES SERVICE

#### **AVAILABILITY**

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determinations shall be within Company's reasonable discretion.

#### **APPLICABILITY**

This Rate Schedule shall be applicable to any Non-Residential Customer that:

- 1. has an Annual Usage of less than 500,000 therms, and
- 2. has a Maximum Daily Usage of less than 15,000 therms, and
- 3. complies with the Alternate Fuel Capability Requirement of this Rate Schedule, and
- 4. enters into a written contract with Company to receive Gas Service under this Rate Schedule.

#### **CHARACTER OF SERVICE**

This Rate Schedule applies to the provision of Interruptible Sales Service. Transportation Service is not provided under this Rate Schedule. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

#### **RATES AND CHARGES**

The monthly Rates and Charges for Sales Service hereunder shall be:

#### **Customer Facilities Charge -**

\$175.00 per customer

#### **Distribution Charge -**

First 2500 therms @ \$0.1499 per therm Over 2500 therms @ \$0.0617 per therm

#### Appendices:

The following Appendices shall be applied monthly:

- Appendix A Gas Cost Adjustment
- Appendix G Universal Service Fund Rider
- Appendix H Pipeline Safety Adjustment
- Appendix K Compliance and System Improvement Adjustment

#### Minimum Monthly Charge -

The Minimum Monthly Charge shall be Customer Facilities Charge.

#### Other Charges -

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

#### CONTRACT

Customer shall enter into a written contract which specifies the hourly and daily maximum gas requirements of Customer and any other terms reasonably required by Company. The contract shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon. The contract shall specify the Alternate Fuel to be used by Customer during Curtailment periods.

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# RATE 245 LARGE GENERAL TRANSPORTATION SERVICE

#### **AVAILABILITY**

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities, which determination shall be within Company's reasonable discretion.

#### **APPLICABILITY**

This Rate Schedule shall be applicable to any Non-Residential Customer that:

- 1. has an Annual Usage of greater than or equal to 50,000 therms and less than 500,000 therms,
- 2. has a Maximum Daily Usage of less than 15,000 therms,
- 3. complies with the Measurement Requirement section of this Rate Schedule, and
- 4. enters into a written contract with Company to receive Gas Service under this Rate Schedule.

#### **CHARACTER OF SERVICE**

This Rate Schedule applies to the provision of Transportation Service. Interim Supply Service as described below may also be provided under this Rate Schedule, at Company's sole discretion. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

#### **RATES AND CHARGES**

The monthly Rates and Charges for Gas Service hereunder shall be:

#### **Customer Facilities Charge -**

\$200.00 per customer

#### **Distribution Charge** –

Applicable to all therms delivered to Customer during the billing month.

First 2500 therms @ \$0.1710 per therm

Over 2500 therms @ \$0.0775 per therm

#### Appendices:

The following Appendices shall be applied monthly:

- Appendix A Gas Cost Adjustment
- Appendix G Universal Service Fund Rider
- Appendix H Pipeline Safety Adjustment
- Appendix K Compliance and System Improvement Adjustment

#### Related Charges -

Customer shall reimburse Company for all charges incurred on Customer's behalf in connection with transportation of gas for Customer's account, including any pipeline penalty charges or cashout provisions assessed to Company.

#### Nomination and Balancing Provisions Charges -

The various Charges and Cashouts set forth in Appendix E shall be charged to Customer, if applicable.

#### Minimum Monthly Charge -

The Minimum Monthly Charge shall be the Customer Facilities Charge.

#### Other Charges -

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

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## RATE 260 LARGE VOLUME TRANSPORTATION SERVICE

#### **AVAILABILITY**

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities, which determinations shall be within Company's reasonable discretion.

#### **APPLICABILITY**

This Rate Schedule shall be applicable to any Non-Residential Customer that:

- 1. has an Annual Usage of 500,000 therms or greater, or has a Maximum Daily Usage of 15,000 therms or greater, or uses No. 6 fuel oil as an Alternate Fuel, and
- 2. complies with the Measurement Requirement section of this Rate Schedule, and
- 3. has entered into a written contract with Company to receive Gas Service under this Rate Schedule.

#### **CHARACTER OF SERVICE**

This Rate Schedule applies to the provision of Transportation Service. Interim Supply Service as described below may also be provided under this Rate Schedule, at Company's sole discretion. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

#### **RATES AND CHARGES**

The monthly Rates and Charges for Gas Service hereunder shall be:

#### **Customer Facilities Charge -**

\$1,100.00 per customer

#### **Distribution Charge -**

Applicable to all therms delivered to Customer during the Billing Month.

First 50,000 therms @ \$0.0560 per therm

Next 250,000 therms @ \$0.0440 per therm

Over 300,000 therms @ \$0.0293 per therm

#### Appendices:

The following Appendices shall be applied monthly:

- Appendix A Gas Cost Adjustment
- Appendix G Universal Service Fund Rider
- Appendix H Pipeline Safety Adjustment
- Appendix K Compliance and System Improvement Adjustment

#### Related Charges -

Customer shall reimburse Company for all charges incurred on Customer's behalf in connection with transportation of gas for Customer's account, including any gas costs, pipeline penalty charges or Cashout provisions assessed to Company.

#### Nomination and Balancing Provisions Charges -

The various Charges and Cashouts set forth in Appendix E shall be charged to Customer, if applicable.

#### Minimum Monthly Charge -

The Minimum Monthly Charge shall be the Customer Facilities Charge.

#### Other Charges -

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

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# TARIFF SHEET INDEX

TARIFF		
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1 2 3 4 5-9		TITLE PAGE INDEX LOCATIONS SERVED DEFINITIONS RESERVED FOR FUTURE USE
	<u>RATE</u>	RATE SCHEDULES
10 11 12 13 14 15 16 17 18 19 20 21 22-29	210 211 220 225 229 240 245 260 270 280 285	RESIDENTIAL SALES SERVICE UNMETERED GAS LIGHTING SALES SERVICE GENERAL SALES SERVICE SCHOOL/GOVERNMENT TRANSPORTATION SERVICE NATURAL GAS VEHICLE SERVICE INTERRUPTIBLE SALES SERVICE LARGE GENERAL TRANSPORTATION SERVICE LARGE VOLUME TRANSPORTATION SERVICE LONG-TERM CONTRACT SERVICE RESERVED FOR FUTURE USE POOLING SERVICE SCHOOL/GOVERNMENT POOLING SERVICE RESERVED FOR FUTURE USE
	<u>APPENDIX</u>	APPENDICES
30 31 32 33 34 35 36 37 38 39	A B C D E F G H I J K	GAS COST ADJUSTMENT NORMAL TEMPERATURE ADJUSTMENT OTHER CHARGES BASE COST OF GAS NOMINATION AND BALANCING PROVISIONS UNACCOUNTED FOR GAS PERCENTAGE UNIVERSAL SERVICE FUND RIDER PIPELINE SAFETY ADJUSTMENT ENERGY EFFICIENCY RIDER SCHOOL/GOVERNMENT NOMINATION AND BALANCING PROVISIONS COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT RESERVED FOR FUTURE USE
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### RATE 210 RESIDENTIAL SALES SERVICE

#### **AVAILABILITY**

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determinations shall be within Company's reasonable discretion.

#### **APPLICABILITY**

This Rate Schedule shall be applicable only to Residential Customers.

#### **CHARACTER OF SERVICE**

This Rate Schedule applies to the provision of Sales Service. Transportation Service is not provided under this Rate Schedule. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

#### **RATES AND CHARGES**

The monthly Rates and Charges for Sales Service hereunder shall be:

#### **Customer Facilities Charge -**

\$11.25 per meter

#### **Distribution Charge -**

First 45 therms @ \$0.2644 per therm Over 45 therms @ \$0.1853 per therm

#### Appendices:

The following Appendices shall be applied monthly, if applicable:

- Appendix A Gas Cost Adjustment
- Appendix B Normal Temperature Adjustment
- Appendix G Universal Service Fund Rider
- Appendix H Pipeline Safety Adjustment
- Appendix I Energy Efficiency Rider
- Appendix K Compliance and System Improvement Adjustment

#### **Minimum Monthly Charge -**

The Minimum Monthly Charge shall be the Customer Facilities Charge.

#### Other Charges -

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

#### **TERMS AND CONDITIONS**

Gas Service under this Rate Schedule shall be subject to Company's General Terms and Conditions and the Commission's Regulations.

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## RATE 220 GENERAL SALES SERVICE

#### **AVAILABILITY**

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determinations shall be within Company's reasonable discretion.

#### **APPLICABILITY**

This Rate Schedule shall be applicable to any Non-Residential Customer, electing service hereunder, whose Annual Usage is less than 500,000 therms and whose Maximum Daily Usage is less than 15,000 therms.

#### **CHARACTER OF SERVICE**

This Rate Schedule applies to the provision of Sales Service. Transportation Service is not provided under this Rate Schedule. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

#### **RATES AND CHARGES**

The monthly Rates and Charges for Sales Service hereunder shall be:

#### **Customer Facilities Charge -**

Group 1: \$17.00 Group 2: \$46.00 Group 3: \$93.00

#### **Distribution Charge -**

First 500 therms @ \$0.1740 per therm Over 500 therms @ \$0.1538 per therm

#### Appendices:

The following Appendices shall be applied monthly, if applicable:

- Appendix A Gas Cost Adjustment
- Appendix B Normal Temperature Adjustment
- Appendix G Universal Service Fund Rider
- Appendix H Pipeline Safety Adjustment
- Appendix I Energy Efficiency Rider
- Appendix K Compliance and System Improvement Adjustment

#### Minimum Monthly Charge -

The Minimum Monthly Charge shall be the Customer Facilities Charge.

#### Other Charges -

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

#### **CONTRACT**

For Customers with Annual Usage greater than 250,000 therms, Customer shall enter into a written contract which specifies the hourly and daily maximum gas requirements of Customer and any other terms reasonably required by Company. The contract shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation

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# RATE 225 SCHOOL/GOVERNMENT TRANSPORTATION SERVICE

#### **AVAILABILITY**

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities, which determination shall be within Company's reasonable discretion.

#### **APPLICABILITY**

This Rate Schedule shall be applicable to any Customer

- 1) whose Annual Usage is less than 50,000 therms and
- 2) for which payment of rates and charges to Company is the responsibility of an Educational Institution or Government Entity, which elects service hereunder.

#### **CHARACTER OF SERVICE**

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

#### **RATES AND CHARGES**

The monthly Rates and Charges for Gas Service hereunder shall be:

#### **Customer Facilities Charge -**

Group 1: \$17.00 Group 2: \$46.00 Group 3: \$93.00

#### **Distribution Charge -**

First 500 therms @ \$0.1740 per therm Over 500 therms @ \$0.1538 per therm

#### Appendices:

The following Appendices shall be applied monthly, if applicable:

- Appendix A Gas Cost Adjustment
- Appendix B Normal Temperature Adjustment
- Appendix G Universal Service Fund Rider
- Appendix H Pipeline Safety Adjustment
- Appendix I Energy Efficiency Rider
  - Appendix K Compliance and System Improvement Adjustment

#### Related Charges -

Customer shall reimburse Company for all charges incurred on Customer's behalf in connection with transportation of gas for Customer's account, including any pipeline penalty charges or cashout provisions assessed to Company.

Effective: September 1, 2012

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### **RATE 229** NATURAL GAS VEHICLE SERVICE

#### **AVAILABILITY**

This Rate Schedule is available only to those Customers described in the APPLICABILITY section of this Rate Schedule.

#### **APPLICABILITY**

This Rate Schedule shall be applicable to any Customer that elects to receive Gas Service under this Rate Schedule for the express and limited purpose of fueling a natural gas vehicle ("NGV").

#### CHARACTER OF SERVICE

Use of natural gas provided hereunder to a Customer-owned NGV facility is limited exclusively for the compression of such gas for use in fueling motorized vehicles and shall not be used by Customer for any other purpose. Gas Service provided hereunder from a designated Company-owned NGV facility is for the express and limited purpose of fueling natural gas vehicles by Customer.

This Rate Schedule applies to the provision of Sales Service. Transportation Service is not provided under this Rate Schedule. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

#### **RATES AND CHARGES**

The monthly Rates and Charges for Sales Service hereunder shall be:

For Gas Service provided to a Customer-owned NGV facility:

#### **Customer Facilities Charge -**

\$24.90 per meter.

#### **Distribution Charge -**

\$0.0516 per therm for all therms supplied.

For Gas Service provided from a designated Company-owned NGV facility:

#### **Distribution Charge -**

\$0.3948 per therm for all therms supplied.

#### Appendices:

The following Appendices shall be applied monthly:

- Appendix A Gas Cost Adjustment
- Appendix G Universal Service Fund Rider
- Appendix H Pipeline Safety Adjustment
- Appendix K Compliance and System Improvement Adjustment

#### Taxes -

Customer shall be responsible for and shall reimburse the Company for all taxes payable by Company to governmental entities on the sale of natural gas for use in providing NGV service.

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# RATE 240 INTERRUPTIBLE SALES SERVICE

#### **AVAILABILITY**

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities and gas supplies, which determinations shall be within Company's reasonable discretion.

#### **APPLICABILITY**

This Rate Schedule shall be applicable to any Non-Residential Customer that:

- 1. has an Annual Usage of less than 500,000 therms, and
- 2. has a Maximum Daily Usage of less than 15,000 therms, and
- 3. complies with the Alternate Fuel Capability Requirement of this Rate Schedule, and
- 4. enters into a written contract with Company to receive Gas Service under this Rate Schedule.

#### **CHARACTER OF SERVICE**

This Rate Schedule applies to the provision of Interruptible Sales Service. Transportation Service is not provided under this Rate Schedule. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

#### **RATES AND CHARGES**

The monthly Rates and Charges for Sales Service hereunder shall be:

#### **Customer Facilities Charge -**

\$175.00 per customer

#### **Distribution Charge -**

First 2500 therms @ \$0.1499 per therm Over 2500 therms @ \$0.0617 per therm

#### Appendices:

The following Appendices shall be applied monthly:

- Appendix A Gas Cost Adjustment
- Appendix G Universal Service Fund Rider
- Appendix H Pipeline Safety Adjustment
- Appendix K Compliance and System Improvement

#### **Minimum Monthly Charge -**

The Minimum Monthly Charge shall be Customer Facilities Charge.

#### Other Charges -

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

#### CONTRACT

Customer shall enter into a written contract which specifies the hourly and daily maximum gas requirements of Customer and any other terms reasonably required by Company. The contract shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon. The contract shall specify the Alternate Fuel to be used by Customer during Curtailment periods.

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## RATE 245 LARGE GENERAL TRANSPORTATION SERVICE

#### **AVAILABILITY**

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities, which determination shall be within Company's reasonable discretion.

#### **APPLICABILITY**

This Rate Schedule shall be applicable to any Non-Residential Customer that:

- 1. has an Annual Usage of greater than or equal to 50,000 therms and less than 500,000 therms,
- 2. has a Maximum Daily Usage of less than 15,000 therms,
- 3. complies with the Measurement Requirement section of this Rate Schedule, and
- 4. enters into a written contract with Company to receive Gas Service under this Rate Schedule.

#### **CHARACTER OF SERVICE**

This Rate Schedule applies to the provision of Transportation Service. Interim Supply Service as described below may also be provided under this Rate Schedule, at Company's sole discretion. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

#### **RATES AND CHARGES**

The monthly Rates and Charges for Gas Service hereunder shall be:

#### **Customer Facilities Charge -**

\$200.00 per customer

#### **Distribution Charge** –

Applicable to all therms delivered to Customer during the billing month.

First 2500 therms @ \$0.1710 per therm

Over 2500 therms @ \$0.0775 per therm

#### Appendices:

The following Appendices shall be applied monthly:

- Appendix A Gas Cost Adjustment
- Appendix G Universal Service Fund Rider
- Appendix H Pipeline Safety Adjustment
  - Appendix K Compliance and System Improvement Adjustment

#### Related Charges -

Customer shall reimburse Company for all charges incurred on Customer's behalf in connection with transportation of gas for Customer's account, including any pipeline penalty charges or cashout provisions assessed to Company.

#### Nomination and Balancing Provisions Charges -

The various Charges and Cashouts set forth in Appendix E shall be charged to Customer, if applicable.

#### Minimum Monthly Charge -

The Minimum Monthly Charge shall be the Customer Facilities Charge.

#### Other Charges -

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

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### RATE 260 LARGE VOLUME TRANSPORTATION SERVICE

#### **AVAILABILITY**

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities, which determinations shall be within Company's reasonable discretion.

#### **APPLICABILITY**

This Rate Schedule shall be applicable to any Non-Residential Customer that:

- 1. has an Annual Usage of 500,000 therms or greater, or has a Maximum Daily Usage of 15,000 therms or greater, or uses No. 6 fuel oil as an Alternate Fuel, and
- 2. complies with the Measurement Requirement section of this Rate Schedule, and
- 3. has entered into a written contract with Company to receive Gas Service under this Rate Schedule.

#### **CHARACTER OF SERVICE**

This Rate Schedule applies to the provision of Transportation Service. Interim Supply Service as described below may also be provided under this Rate Schedule, at Company's sole discretion. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

#### **RATES AND CHARGES**

The monthly Rates and Charges for Gas Service hereunder shall be:

#### **Customer Facilities Charge -**

\$1,100.00 per customer

#### **Distribution Charge -**

Applicable to all therms delivered to Customer during the Billing Month.

First 50,000 therms @ \$0.0560 per therm

Next 250,000 therms @ \$0.0440 per therm

Over 300,000 therms @ \$0.0293 per therm

#### Appendices:

The following Appendices shall be applied monthly:

- Appendix A Gas Cost Adjustment
- Appendix G Universal Service Fund Rider
- Appendix H Pipeline Safety Adjustment
- Appendix K Compliance and System Improvement Adjustment

#### Related Charges -

Customer shall reimburse Company for all charges incurred on Customer's behalf in connection with transportation of gas for Customer's account, including any gas costs, pipeline penalty charges or Cashout provisions assessed to Company.

#### Nomination and Balancing Provisions Charges -

The various Charges and Cashouts set forth in Appendix E shall be charged to Customer, if applicable.

#### Minimum Monthly Charge -

The Minimum Monthly Charge shall be the Customer Facilities Charge.

#### Other Charges -

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.