

PUGET SOUND ENERGY
Natural Gas Tariff

RULES AND REGULATIONS (Continued)

(N)

RULE NO. 6: Extension of Distribution Facilities

1. **PURPOSE:** The purpose of this rule is to make Gas Service available to prospective Customers based on long-term economic benefits consistent with prudent utility practices effective on March 1, 2017, throughout the Company's Gas Service territory. This rule defines the terms and conditions under which Distribution Facilities will be extended to new Gas Service Customers or modified at the request of existing Customers, in the Company's sole opinion if no significant barriers exist. However, service may not be provided or extended or modified for reasons described in WAC 480-90-123, Refusal of Service.
2. **DEFINITIONS:**
 - a. **Credit:** A decrease in Customer Payment requirement per the Company's tariff schedule or when the Company allows the Customer to do some of the work (e.g., constructing the ditch). All facilities provided by the Customer must meet the Company's specifications.
 - b. **Customer Payment:** A prepayment by a Customer for the extension or modification of Distribution Facilities. The amount of the payment will be equal to the difference between the Margin Allowance and the Line Extension Costs after applicable Credit. The Customer Payment shall include the effect of applicable federal income taxes as per Rule No. 28.
 - c. **Distribution Facilities:** Distribution main, pressure regulating devices, service piping and appurtenances required to connect existing facilities of the Company, having capacity adequate to supply the Gas Service the Customer requested, to the meter location.
 - d. **Distribution Margin:** For the new Customer line extension project, the sum of twelve months of the basic charges plus the decoupled revenue as determined by the Commission and administered through Schedule No. 142, Revenue Decoupling Adjustment Mechanism, or as calculated in the same manner for rate schedules that are not subject to Schedule No. 142. For the existing Customer line extension modification, the sum of twelve months of the basic charges is excluded from the Distribution Margin determination.

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Issued: December 6, 2016
Advice No.: 2016-36

Effective: January 13, 2017

By: 

Issued By Puget Sound Energy

Ken Johnson

Title: Director, State Regulatory Affairs

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2. **DEFINITIONS (Continued):**

- e. **Estimated Annual Therm:** The estimated annual Customer natural gas usage would be as calculated by the Company based upon the natural gas equipment the Customer is going to use.
- f. **Incremental Therm Added:** The usage difference between Customer's existing annual usage and the Estimated Annual Therm would be after the modification of the existing Distribution Facilities.
- g. **Line Extension Costs:** The sum of Company's estimate of the costs of furnishing and installing the Distribution Facilities to provide new Gas Service to a qualified Customer or the sum of Company's estimate of the costs of modifying and installing the Distribution Facilities to meet the request of an existing Customer.
- h. **Margin Allowance:** The amount the Company will contribute toward construction costs for new or modified natural gas Distribution Facilities. The Margin Allowance amount is determined by the applicable sum of twelve months of the Distribution Margin divided by Margin Allowance Conversion Factor.
- i. **Margin Allowance Conversion Factor:** The factor is calculated as i) the Company's authorized after-tax rate of return divided by ii) its authorized revenue conversion factor.

3. **CUSTOMER PAYMENT CALCULATION:** Customer Payment = (Line Extension Costs – Margin Allowance – Credit) * Rule No. 28 Income Tax Rider. In addition, a security deposit may be required from a line extension Customer as described in the section 6a of this rule.

4. **LINE EXTENSION COSTS:** The Company will estimate the costs associated with a new or modified Residential or Non-residential line extension and quote the customer individually.

(N)

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Issued: December 6, 2016
Advice No.: 2016-36

Effective: January 13, 2017

By:



Issued By Puget Sound Energy

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Title: Director, State Regulatory Affairs

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5. **MARGIN ALLOWANCE:** The Company will provide the Margin Allowance to a qualifying new or modified line extension project as described in this section. In all cases, for either a new or modified line extension project, the Company will not grant any Margin Allowance for any Customer, if the Company, in its sole judgment, determines that the Customer load will not be in service for five years.

a. New Natural Gas Facility Extension Margin Allowance

Schedule	Effective 1/13/2017	Effective 9/1/2018	(T) (T) (N)
23	\$4,179 per new Customer	\$4,327.81 per new	(T) (R)
Per Estimated Annual Therm			(T)
31, 31T	\$3.46	\$4.39	(N) (T) (N)
41, 41T, 86, and 86T	\$3.46	\$2.11	(N) (T) (N)
85 and 85T	\$0.87	\$1.00	(T) (T) (I)
87 and 87T	\$0.12	\$0.41	(T) (T) (I)

b. Modification of Existing Natural Gas Facility Margin Allowance

Schedule	Incremental Therm Added		(T)
	Effective 1/13/2017	Effective 9/1/2018	(T) (T) (N)
23	\$3.81	\$3.74	(T) (T) (R)
31, 31T	\$2.68	\$3.29	(N) (T) (N)
41, 41T, 86, and 86T	\$2.68	\$1.81	(N) (T) (N)
85 and 85T	\$0.74	\$0.86	(T) (T) (I)
87 and 87T	\$0.11	\$0.39	(T) (T) (I)

6. **OTHER FEES AND CHARGES:**

- a. **Security Deposit Required from Line Extension Customers:** In addition to the Customer Payment in Section 3, a security deposit may be required from a line Extension Customer if the Customer's plans are conditional and/or there are multiple phases in the Customer's build-out plan. If applicable, the security deposit shall be \$500 per meter or 5% of the total Line Extension Costs, whichever is higher as determined by the Company. The security deposit will be refunded with interest at the rate established for Customer deposits in Rule No. 5 to the Customer upon the Company's validation of the completion of Customer's build-out plan otherwise the security deposit is not refundable. However, the amount of the security deposit, as prescribed in this section shall not limit the other remedies otherwise available to the Company.

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Issued: January 31, 2018
Advice No.: 2018-10

Effective: June 1, 2018

By:



Issued By Puget Sound Energy

Ken Johnson

Title: Vice President, Regulatory and
Government Affairs

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RULES AND REGULATIONS (Continued)

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6. OTHER FEES AND CHARGES: (Continued)

b. **Customer Unable to Accept Service Charge:** If the Company shows up to a scheduled appointment to install Distribution Facilities and the Customer has not complied with Company specifications, such as having the construction route cleared and to grade, providing trench, or obtaining necessary inspections or permits, the Customer may be charged the crew, equipment, and other costs associated with the trip.

c. **Unused Facilities Extension Cost Charge:** If the Company provides a facilities extension and the Customer fails to commence gas usage within twenty-four months from the date of installation the Company will bill the Customer the Line Extension Costs.

7. GENERAL CONDITIONS:

a. **Natural Gas Service Contract:** Customer shall complete, sign, and submit to the Company a natural gas service contract when requesting new Distribution Facilities or modification of existing Distribution Facilities.

b. **Ownership of Facilities:** The Company shall own, operate, maintain and repair all natural gas Distribution Facilities installed by or for the Company, including replacement of such facilities if necessary so long as such replacement is not inconsistent with this rule or a contract governing such facilities. The Company shall not own and shall have no responsibility to operate, maintain, repair or replace any natural gas distribution facilities that were not installed by or for the Company.

(N)

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Issued: December 6, 2016
Advice No.: 2016-36

Effective: January 13, 2017

By: 

Issued By Puget Sound Energy

Ken Johnson

Title: Director, State Regulatory Affairs

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RULES AND REGULATIONS (Continued) (N)
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7. GENERAL CONDITIONS (Continued):

- c. **Operating Rights:** All legal rights necessary, in the Company's sole judgment, for the installation, operation, maintenance, repair or replacement of all natural gas facilities provided pursuant to this rule, including, without limitation, rights of access over, under, across, or through real property, including real property not owned by the Customer ("Operating Rights") shall be obtained by the Customer for the Company prior to the commencement of construction of such facilities. Operating Rights shall be evidenced by one or more written instruments in form and substance satisfactory to the Company. Operating Rights shall include, but not be limited to, the right of the Company to extend natural gas facilities across, over, under, or through the property on which the line extension is being constructed to connect additional Customers to the Company's natural gas system. The Company shall not be required to provide service, and may interrupt or discontinue service, if all or any portion of its facilities or Operating Rights are taken through the exercise of the power of eminent domain or are taken under threat thereof or are otherwise lost, terminated, or canceled. Where Operating Rights are subject to fee, the Customer shall be responsible for payment of such fee. Where zoning or other land use regulations allow for limited or zero set-back of structures from the property line, thereby leaving inadequate space for the Company's equipment that is usually installed on private property, the Company, in its sole discretion, may request that the space and rights be within the structure and meet the Company's specifications.
- d. **Rule No. 28:** The installation of facilities under the provisions of this rule shall be subject to the provisions of Rule No. 28, Income Tax Rider, Contributions In Aid of Construction
- e. **General Rules and Provisions:** Service under this rule is subject to the General Rules and Provisions contained in this tariff.

Issued: December 6, 2016
Advice No.: 2016-36

Effective: January 13, 2017

By: 

Issued By Puget Sound Energy

Ken Johnson

Title: Director, State Regulatory Affairs