

**RATE SCHEDULE 1081
DISTRIBUTION EXTENSION POLICY**

1. Extensions from the Company's distribution lines, will be made under the following conditions and circumstances:
 - A. Subject to the availability of capital funds, the Company shall construct system extensions from its existing facilities to serve new customers where economically feasible. Determination of whether a proposed extension is economically feasible shall be made through the use of the following economic model:

$$\text{MAI} = \text{TRR} * \text{SL} * 10 \text{ years}$$

MAI=Maximum Allowable Investment

TRR = Yearly Tariff Rate Revenue

SL = Number of Service Lines

*The economic model will allow for 100% of the MAI components in the first year.

- B. If the excess cost of the total system extension being assessed in the economic model identified in 1(a) is less than three hundred dollars (\$300.00), the advance shall be waived. If the excess cost of the total system extension is greater than three hundred dollars (\$300.00), the first three hundred dollars (\$300.00) shall be waived and the difference charged to the customer as a co-payment. This tariff establishes the maximum co-pay for distribution extensions. The maximum co-pay shall be the lower of OAC 165:45-3-4 or the above economic model. However, the Company, at its sole discretion, may reduce or waive this co-pay for reasons including, but not limited to, future residential growth, future commercial growth, and operational efficiencies. The party requesting the distribution extension is responsible for providing documentation to the Company's satisfaction supporting its request. Additionally, the Company may refuse to extend facilities in the event system design and/or operational considerations so dictate.

<u>Rates Authorized By The Oklahoma Corporation</u>		
<u>Commission:</u>		
Effective	Order No.	Cause/Docket No.
September 22, 2010	578795	PUD 201000048
December 18, 2009	572180	PUD 200900110

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2. The Company will not be required to enlarge its system to meet the demand for gas of a prospective customer or to provide for an appreciable increase in the demands of a present customer, unless in the judgment of the Company, a reasonable return is assured as a result of the expenditure required.
3. When the Company extends its system to serve new customers, the Company will extend it in a manner which, in its judgment, will be most advantageous for rendering service.
4. Where the customer requires that his meter be placed in a particular location, the customer will be required to pay any additional cost that may result from compliance with the customer's request.
5. The Company will not make or serve a tap on any transmission line, unless, in the judgment of the Company, a reasonable rate of return can be earned as a result of the expenditure required to construct the tap and serve the customer, without unreasonable consequences to other customers. In addition, the Company will not make or serve a tap on any other transmission line, field gathering pipeline, or lines to wells which in the Company's opinion, presently contain or may in the foreseeable future contain undehydrated gas, liquid hydrocarbons, sour gas, or gas that is otherwise not merchantable. The Company may discontinue service whenever it believes reliable service cannot continue to be provided for any reason, including, but not limited to, water content of the gas furnished.
6. Upon request by an individual residential applicant that would qualify as elderly and/or as a consumer with disabilities under OCC Rule 165:45-11-13, and who has been qualified for the Low Income Home Energy Assistance Program (LIHEAP), the Company will waive an additional \$50.00 as well as the first \$300.00 under section 1(B). The Company may require verification of the applicant's qualification.

Waiver to OAC 165:45-3-4; Cause No. PUD 201000048; Order No. 578795

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