**Section 501.610 Extension of Distribution Mains in Rural Areas**

a) Rural Customer

1) A utility shall consider a customer whose premises are not located in urban territory, as described in Section 500.600, as a rural customer.

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

b) Extension Provisions

1) If a utility determines that a main extension is necessary to provide firm gas service for an applicant or group of applicants whose premises are located in rural areas within which the utility operates, the utility, upon written request for service by the applicants, shall make the necessary main extension along a street, highway or other right-of-way to the nearest point or points adjacent to the point of connection with the service piping of such applicants, upon agreement by the applicant or group of applicants to comply with the provisions of this Section.

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

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

C) Deposits for Extensions

i) The utility may require the applicant or group of applicants to deposit with the utility the estimated cost of the extension determined in the manner desig­nated in subsection (c). Each sub­sequent customer to be connected within a period of 10 years from the date of making the original extension shall be required to deposit with the utility an amount equal to the sum of the estimated cost of the existing extension plus the estimated cost of any fur­ther extension necessary to serve the customer, divided by the number of depositors for the entire extension. The excess of this deposit over the estimated cost of any further extension necessary to serve the customer shall be divided equally by the utility among the previous depositors for the extension and shall be refunded to them in that amount. In no case shall the amount of the refund to a customer exceed the customer's deposit, nor shall the total of deposits for any exten­sion exceed the estimated cost of making the extension.

ii) The foregoing provisions depend upon agreement by applicants that deposits of applicants will be equal. If an applicant or group of applicants requests a new extension to an existing main that would increase present customers' deposits, the utility shall consider the new extension as an original extension and shall not require deposits from existing customers for the requested new original extension.

iii) If the point of connection with the service piping of an applicant is so located that the applicant could be served by extending a separate parallel main at less cost than the amount of deposit that would be required from the applicant for connection to the existing extension, a utility will not require the applicant to deposit in excess of the estimated cost of the separate main, and the applicant shall not share in any refunds so long as the applicant's deposit remains less than that of the other depositors on the existing extension.

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

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

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

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