



Natural Gas System Policy

Approved: March 20, 2023



Natural Gas Department Policy

Section I. Purpose

It is the intent of the Lenoir City Utilities Board (*LCUB*) that these Rules and Regulations promote the following principles:

1. Assure the safe and efficient use, administration, operation, expansion, extension, and preservation of natural gas system.
2. Assure its customers' compliance with these Rules and Regulations, Rate Schedules for natural gas service adopted by the Board and Service Procedures established by LCUB.
3. Promote fair, reasonable, and uniform treatment of customers in each of the rate classes of LCUB.
4. Protect the environment through the professional management of our system and maintain public confidence in LCUB's system.
5. Encourage economic development by promoting extensions of the LCUB System.
6. Simplify, clarify, and modernize the policies governing the operation of natural gas system.
7. Assure that LCUB's system operating practices are as uniform as appropriate.
8. Promote the continued evolution and development of LCUB's natural gas system operating guidelines and practices.

Section II. Scope

These Rules and Regulations apply to the application, implementation, and operation of LCUB's gas system and the provision of gas service.

- 1.) **Conflict.** In addition to these Rules and Regulations, the following documents, listed in order of precedence, are hereby made a part of all contracts and are enforceable through all contracts, actual and implied, for customers and users

receiving gas service from LCUB and apply to all gas services received by customers, whether the service is based upon contract, agreement, signed application or otherwise:

- i) the Gas Division Rate Schedules;
- ii) these Rules and Regulations as may be amended; and
- iii) the Service Procedures.

In the event of a conflict between the documents listed above, the order of precedence shall govern.

2.) Severability. If any clause, sentence, paragraph, section or part of these Rules and Regulations, any applicable Gas Division Rate Schedule, or any provision of the Service Procedures shall be declared invalid or unconstitutional, it shall not affect the validity of the remaining parts of these Rules and Regulations or the applicable Gas Division Rate Schedule, or the Service Procedures.

3.) Authority. Subject to the limitations set forth in the Charter, these Rules and Regulations, applicable Rate Schedules and any other official Board action or resolution, the General Manager, and his/her designees, has all rights, powers, duties, and authorities to implement, and enforce these Rules and Regulations. The General Manager, and his/her designees, has all rights, powers, duties, and authorities to establish and enforce Service Procedures and other such policies and programs necessary to implement these Rules and Regulations.

4.) Access to Premises. The customer, user, and if a different person, owner of premises to which gas service is provided shall, by its receipt and acceptance of gas service, grant to LCUB permission to access the premises at all times, including immediate access if determined to be necessary by LCUB in the event of an emergency, for the purpose of:

- i. Reading meters;
- ii. Installing, testing, inspecting, repairing, operating, maintaining, removing, and replacing any LCUB's gas system component;
- iii. Clearing hazards away from LCUB's gas system.
- iv. Inspecting and operating the customer's, user's, and if a different person, owner's gas piping and equipment;
- v. Inspecting the premises; and
- vi. Providing notifications

In order to determine that LCUB's Rules and Regulations and/or Service Procedures implementing the Rules and Regulations, the regulations of the Federal Department of Transportation, and the regulations and requirements of the applicable Tennessee state

regulatory authority are being complied with and to ensure compliance with applicable federal, state, local law(s) and regulation(s).

5.) Responsibility for LCUB's Property. The customer, user, and if a different person, owner shall provide a space for and exercise proper care to protect any LCUB property located on the premises; and in the event of loss or damage to LCUB's property, arising from the negligence to care for said property, the cost of necessary repairs or replacements shall be paid by the negligent party.

No person shall perform excavation without a valid TN811 locate request ticket. The Tennessee Underground Utility Damage Prevention Act specifies the requirements for safe digging or other work near utilities.

6.) Responsibility for Compliance with Rules and Regulations. Every customer, user, and if a different person, owner shall comply with these Rules and Regulations, Rate Schedules of the Gas Division adopted by the Board, and Service Procedures established by LCUB to implement these Rules and Regulations.

7.) Promotion of Technology. LCUB may establish and maintain processes consistent with these Rules and Regulations that promote and utilize new technologies for the operation of its gas system which improve system reliability, increase operational flexibility and/or lower costs of operation. Examples include, but are not limited to, automated remote metering, estimated metering, etc.

8.) Health and Safety. All Rules and Regulations and Service Procedures affecting health and safety, including (without limitation) all provisions relating to inspection, general safety precautions for utilization, operation and maintenance of LCUB's gas system (including but not limited to prequalified gas contractor requirements as required by 49 Code of Federal Regulations for the Federal Department of Transportation), and rules governing installations, are for the guidance and benefit of customers, users, and if a different person, owners, and LCUB shall not be responsible for the health and safety thereof, or for any loss, damage, or injury resulting from any violation thereof, but LCUB reserves the right, in its discretion, to refuse to furnish gas service, or to discontinue furnishing gas service, where the customer, user, and if a different person, owner fails to comply therewith.

9.) Interpretation. It is the intent of LCUB that these Rules and Regulations be liberally interpreted.

Section III. Definitions

For the purpose of these Rules and Regulations, and unless the context specifically indicates otherwise, the following terms shall have the meaning ascribed:

Wherever the context shall require, words used herein in the singular shall include the plural, words used in the plural shall include the singular, words used in the masculine shall include the feminine, and words used in the feminine shall include the masculine.

Board shall mean the LCUB power board members, six positions as elected from time to time by the Citizens of the City of Lenoir City and two positions appointed by the Mayor of Knox County, Tennessee.

General Manager shall mean the President or Chief Operating Officer of the Lenoir City Utilities Board, shall administer, implement, and enforce the provisions of these Rules and Regulations.

City shall mean the City of Lenoir City, Tennessee.

Commercial and industrial use shall mean all uses with the exception of domestic use as defined in these Rules and Regulations.

Contribution in Aid of Construction (CIAC) shall mean a payment required of the customer for the extension of LCUB's gas system.

Customer shall mean any person who receives gas service from LCUB under either an express or implied contract requiring such person to pay LCUB for such service. The term shall also include illicit users of gas service from LCUB.

Domestic use of the gas system shall be defined and limited to single family, multifamily, apartment or other dwelling unit or dwelling unit equivalent connecting to LCUB's gas system and used for residential purposes only.

Dwelling unit shall mean any structure occupied by one or more persons of a single family for residential purposes. Apartment buildings and other structures occupied by more than one family shall be considered multiple dwelling units.

Fee is any amount levied that is: (1) infrequent in nature, and/or (2) generally not consumption based, and/or (3) set at the discretion of management of LCUB as authorized by the Board but does not include a rate.

Fuel line shall mean the line from the outlet of the meter center to the equipment utilizing gas on the customer's, user's, and if a different person, owner's premises.

Gas distribution main shall mean the principal or main pipe in the gas system conveying gas to gas service lines for distribution.

Gas Division or division shall mean the part of the LCUB system having charge of the physical operation and financial oversight of LCUB's gas system.

Gas service line shall mean the pipe, which leads from the gas distribution main to the shut-off cock; it does not include the metering equipment. The gas service line shall be operated and maintained by LCUB.

Gas system shall mean all components for distributing and receiving gas, including but not limited to gas distribution mains, gas service lines, and metering equipment, and regulator stations.

Gas and/or gas service means natural gas made available for consumption by LCUB for its customers, users, and if a different person, owner for domestic, commercial and/or industrial use by delivering or distributing natural gas via the LCUB gas system.

Lenoir City Utilities Board, or LCUB, shall mean the Lenoir City Utilities Board of the City of Lenoir City, Tennessee, or, as the context requires, the management of LCUB, its contractors or agents.

Metering equipment shall mean the meter and all associated gas equipment such as meter connections, pressure regulators, piping, shutoff cocks, valves, gauges, and vents (collectively, the meter center).

Person shall mean any individual, partnership, firm, company, association, society, corporation, limited liability company, trust, estate, governmental entity, or any other legal entity, or its legal representatives, agents, or assigns. This definition includes all federal, state, and local governmental entities and shall also include illicit users of gas service from LCUB.

Point of Delivery shall mean the point at the outlet of the meter center, unless otherwise designated by LCUB.

Pre-qualified gas contractor shall mean any contractor employee performing work on the LCUB gas system in any of the covered functions set forth in the applicable parts of 49 Code of Federal Regulations (CFR) for the Federal Department of Transportation and/or LCUB's Operator Qualification Program, provided such contractor employee is in a drug and alcohol testing program that

meets the Pipeline and Hazardous Materials Safety Administration (PHMSA) regulations, and such contractor employee is in compliance with the Operator Qualification Standard in 49 Code of Federal Regulations.

Premises shall mean any structure, group of structures, or property, whether occupied or unoccupied, operated as a single business, enterprise, or dwelling unit, but shall not include more than one dwelling unit.

Private gas system is any gas system owned and maintained by the customer, whose operation is regulated by entities other than LCUB including but not limited to the applicable Tennessee state regulatory authority and the Federal Department of Transportation. The gas use of a private gas system shall be master metered by LCUB at a central location.

Rate is any quantitative value used to determine an amount levied on a customer directly related to the provision and/or consumption of gas typically associated with utility usage, as set forth in a Gas Division Rate Schedule adopted by the Board.

Rules and Regulations means the rules and regulations adopted by the Board governing the operation and use of LCUB's gas system.

Service Procedures means those governing procedures set forth in a document or document(s) adopted by the General Manager implementing the Rules and Regulations for the LCUB gas system and outlining the guidelines necessary to oversee the daily operation of LCUB's gas system.

Standards and specifications shall mean a set of processes or procedures regarding certain aspects of the LCUB gas system, which may be in effect from time to time, but may not be included in the Service Procedures.

User shall mean any premise having a connection to the LCUB gas system or having access thereto. The term shall include illicit users of gas service from LCUB

Section IV. Initiation of Gas Service

- 1.) Residential use.** A formal request for either original or additional gas service must be made to LCUB by the customer and be duly approved by LCUB before connection to the LCUB gas system is made. The request shall be in the prescribed form according to the Service Procedures. The receipt by LCUB of a prospective customer's request for gas service shall not obligate LCUB to render gas service. LCUB may, at its sole discretion, require the customer to provide security, assurance, or guaranty prior to LCUB rendering gas service.

- 2.) **Commercial and industrial use.** A formal request for either original or additional gas service must be made to LCUB and be duly approved before connection is made. The request shall be in the prescribed form according to the Service Procedures. The receipt by LCUB of a prospective customer's request for gas service shall not obligate LCUB to render the gas service. LCUB may, at its sole discretion, require the customer to provide security, assurance, or guaranty prior to LCUB rendering gas service.
- 3.) **Intergovernmental agreements.** At LCUB's sole discretion, LCUB may enter into agreements with municipalities and unincorporated areas in the metropolitan area of service for the distribution of gas service. Any such agreement must comply with all applicable federal, state and local laws, ordinances, regulations and LCUB's Rules and Regulations. There shall be no liability on the part of LCUB to the requestor for refusal of such service.
- 4.) **Private gas systems.** At LCUB's sole discretion, LCUB may allow the connection of private gas systems to the LCUB gas system. Any person owning or controlling premises either within or without the current LCUB gas system area of service desiring to install a private gas system and to connect to the LCUB gas system must comply with all applicable federal, state and local laws, ordinances, regulations and LCUB's Rules and Regulations and Service Procedures. LCUB may enter into an agreement with said persons at LCUB's sole discretion. There shall be no liability on the part of LCUB to the requestor for refusal of such service.

Section V. Connections to LCUB Gas System

- 1.) **Gas system extensions or relocations.** Gas system extensions or relocations will be located in a right-of-way or dedicated easement acceptable to LCUB. The customer shall grant an easement, without cost to LCUB, for that portion of the right-of-way that traverses property owned by the customer or runs along a roadway on property owned by the customer. If additional easements are required, the customer shall bear LCUB's costs of obtaining said easements. Unless approved by LCUB, the right-of-way must be adjacent to a road that is suitably maintained to permit LCUB to have direct access to the LCUB gas system. Should the right-of-way be adjacent to a private road, rights of ingress and egress shall be granted to LCUB, and a dedicated easement shall be provided before any gas distribution main is installed.
- 2.) **Point of delivery**
 - A. The point of delivery shall be the point at the outlet of the meter center, unless otherwise designated by LCUB. Costs and expenses incidental to

the installation, connection and inspection of gas piping and equipment beyond the point of delivery shall be borne by the customer.

- B. All connections to the LCUB gas system are to be made in accordance with all applicable LCUB standards and specifications.
 - C. LCUB operates, maintains, repairs, and replaces all portions of the LCUB gas system. LCUB shall perform all work in accordance with Federal Department of Transportation regulations, LCUB's standards and specifications, these Rules and Regulations, and any other applicable codes and ordinances.
 - D. The Codes Inspector for the City for connections within the City and the appropriate regulatory authority for the area of connection outside the City, including but not limited to the Loudon County Inspector, must inspect, and approve the fuel line before any meter is set by LCUB. LCUB requires approved pressure test letters by qualified companies to be on file prior to activation of meter service.
 - E. The location of LCUB's metering equipment shall not change the location of the point of delivery.
 - F. All gas piping or equipment beyond the point of delivery shall be owned and maintained by the customer, user, and if a different person, owner.
 - G. LCUB shall not be liable for any injury to persons or property on account of any defect or negligence in the installation, maintenance, or use of the customer's, user's, and if a different person, owner's equipment beyond the point of delivery.
- 3.) Mains on Private Property.** LCUB reserves the right to install gas distribution main in dedicated easements on private property for residential and business developments, including but not limited to condominium developments and commercial strip malls.
- 4.) Pressure Fluctuations.** Gas service must be used by the customer, user, and if a different person, owner in such a manner as to not cause unusual pressure fluctuations or disturbances to LCUB's gas system. LCUB may require any such party, at their expense, to install a suitable apparatus that will reasonably limit such fluctuations. LCUB shall inspect and approve any such apparatus and will require installation to meet all applicable codes and LCUB standards and specifications.

5.) Additional Load. The gas service line and metering equipment for each customer, user, and if a different person, owner have definite capacity and no major addition to the equipment or load connected thereto, as determined by LCUB in its sole discretion, will be allowed except by consent of LCUB. Failure to give written notice of major additions or changes in load, as determined by LCUB in its sole discretion, and to obtain LCUB's written consent for same shall render said party liable for any damage to LCUB's gas system caused by the additional or changed installation.

6.) Interconnection. No interconnection of any kind shall be permitted between LCUB's gas system and any gas or other fuel supply from any other source, nor shall any gas or other fuel supply from any other source be permitted to migrate into LCUB's gas system, unless approved in writing by the General Manager. Additionally, LCUB will require technical information, including but not limited to manufacturer drawings, equipment layout, and details concerning the transfer switching apparatus, regarding the interconnection or gas backup system. LCUB reserves the right to alter or modify the requesting party's plans to address safety concerns or LCUB's gas system integrity.

Section VI. Interruption of Gas Service

LCUB shall not be liable for any damage resulting from failure of any LCUB gas system component, or by fluctuations in gas pressure, or by discontinuing the operation of any segment of its gas system for repair, extensions or connections, or from the accidental failure of its gas system from any cause whatsoever, or the termination of gas service as the result of violations by any customer, user, and if a different person, owner, of any applicable federal, state and local laws and/or these Rules and Regulations or LCUB's Service Procedures, or damage resulting from LCUB's failure to terminate gas service after notice of termination of gas service by the customer. In cases of emergency, LCUB shall have the right to restrict the use of its gas system in any reasonable manner for the protection of LCUB's gas system, customers, the public, and the environment.

Section VII. Restricted Use of Gas

In the event of an emergency or other condition causing a shortage in the amount of gas for LCUB to meet the demands on its gas system, LCUB may, by a method deemed equitable by LCUB, fix the amount of gas to be made available for use by customers and/or may otherwise restrict the time and purpose of gas use by customers. A method for the distribution of gas under such circumstances may be set forth in the Service Procedures.

If such conditions become necessary, a customer may request a variance because of unusual circumstances including matters adversely affecting public health, safety, and

welfare. If the customer fails to comply with such restriction, LCUB may take such remedial action, as it deems appropriate under the circumstances including but not limited to temporarily terminating gas service or charging additional amounts because of the excess use of gas.

LCUB also reserves the right to grant no further applications for gas service until such time that the shortage of gas for LCUB to meet the demands on its gas system has been alleviated.

Section VIII. Termination of Gas Service; Refusal to Connect Gas Service

LCUB has the right to terminate or refuse gas service based on outstanding debts owed to LCUB related to the non-payment of utility bills, a dispute as to the ownership of the premises requesting gas service or the customer's disputed right to occupancy of the premises, a violation of these Rules and Regulations, a violation of Service Procedures, a violation of a customer contract, non-payment of a utility bill by the customer, non-usage of gas service for a reasonable period of time, a violation of any other applicable rule, law, or ordinance, or any other legitimate reason deemed in LCUB's best interests and the best interests of LCUB's gas system.

Section IX. Rates for Gas Service

Gas service rates shall be set forth in the Gas Division Rate Schedules as adopted by the LCUB Board.

Section X. Billing for Gas Service

The billing for gas service shall be in accordance with the Rate Schedules of the Gas Division as approved by the Board and this section of the Rules and Regulations.

- 1.) Minimum charges.** The minimum charge, if any, will be as stated in the Rate Schedules of the Gas Division.
- 2.) Estimated billing.** LCUB may periodically estimate a customer's gas consumption and submit to customer for payment such estimated service bill.
- 3.) Billing adjustments.** LCUB may adjust customer billing for reasons including but not limited to the following: billing for over or under registration of meters, for the determination of gas consumption by customers when meters have been inoperative, for an obviously incorrect meter reading, or for other recognized and proper adjustments as determined by LCUB.

Section XI. Authority to Levy Charges and Fees

Under the provisions of its charter and of the general laws of the State of Tennessee, LCUB is authorized and empowered to fix, levy and collect fees, rents, tolls or other charges for the use of or in connection with the LCUB gas system. This authorization includes but is not limited to the establishment, levy and collection of a service charge, improvement charge or other charges deemed necessary. The General Manager and/or his/her designee may establish Service Procedures addressing the establishment of charges and fees associated with gas service.

Section XII. LCUB Gas System Extensions

1.) General Extension Policy

- A. The investment that LCUB will make, if any, toward an extension of the LCUB gas system will be equitably determined by LCUB on the basis of economic and/or technical feasibility. In making such determination, LCUB shall consider the total capital cost, the anticipated revenues, the estimated expenses associated with the extension, such other economic factors as LCUB may deem appropriate under the circumstances and the availability of adequate capacity in the LCUB gas system. LCUB may require the customer to pay a CIAC.
- B. LCUB may require the customer to execute an extension agreement which requires and/or provides for assurances or other security or credit arrangements as may be required by LCUB in its sole discretion, with respect to the extension, including, but not limited to, refundable construction advances, minimum demand or bill requirements, and such other forms of security, assurance, and/or guaranty, as LCUB determines to be necessary or appropriate to protect the interest of LCUB and its customers. LCUB shall not be obligated to provide refunds unless specified in a contract. In no event shall a refund be in excess of the amount of the advance for or actual cost of construction.
- C. LCUB shall have the authority to extend its gas system in a manner different from that set forth in the Rules and Regulations and charge a CIAC when any such extension is determined to be in the best interest of LCUB, economic interest of the community, or to the benefit of the public health of the community.
- D. The authority to make gas extensions is in LCUB's sole discretion even though all requirements have been met. Nothing contained herein shall be construed as requiring LCUB to extend gas service to any property.

LCUB gas system extensions shall not be denied on the basis of race, sex, religion, color, age or national origin.

2.) Construction of LCUB Gas System

- A. LCUB's gas system shall be constructed by LCUB personnel or a LCUB pre-qualified gas contractor. LCUB may approve advance written requests from persons to contract with LCUB pre-qualified gas contractors to install gas distribution main and gas service lines.
- B. The size, type and installation of gas system components shall comply with LCUB's standards and specifications and must be approved by LCUB.
- C. Construction work on LCUB's gas system shall at all times be subject to inspection by LCUB to assure that the work conforms to LCUB's standards and specifications.
- D. No approval or inspection by LCUB hereunder shall relieve a LCUB pre-approved gas contractor or a person who contracted with a LCUB pre-approved gas contractor of any liability for work performed on the LCUB gas system.
- E. Upon the completion of construction and subsequent inspection and approval by LCUB, such construction shall become the property of LCUB and thereafter become a part of LCUB's gas system. The persons paying the cost of construction shall execute any written instrument requested by LCUB to provide evidence of LCUB's title. In consideration of such being transferred to LCUB, LCUB shall incorporate such as an integral part of LCUB's gas system in accordance with these Rules and Regulations.
- F. LCUB may, at the request of a person, relocate or change existing LCUB gas system components. The person may be required to reimburse LCUB for costs of such relocation or change including but not limited to appropriate overheads and associated costs for easement acquisitions. When a public right-of-way is changed for the benefit of private interests and LCUB's gas system must be adjusted to accommodate said change, the cost of such adjustments shall be paid in advance on a non-refundable basis by the requesting parties.
- G. LCUB will require that the owner/developer warranty the new construction for a period of one-year after the date of service and that a warranty inspection be done at the end of this period and all

documentation of the warranty inspection be forwarded to LCUB. Provided the warranty inspection furnishes evidence that the natural gas system is in proper working order and without flaw, testing reports, progress pictures and record drawings are provided, LCUB shall accept ownership of the distribution system and all other appurtenances. During the one-year warranty period if LCUB is required to do any repairs to any portion of the natural gas the owner/developer shall be billed for any material and labor charges.

- 3.) **Construction and Responsibility for Private Gas Systems.** LCUB reserves the authority to allow and/or deny private gas systems that either directly or indirectly draw gas flow from the LCUB gas system. Any such private gas system shall be approved by the applicable governing entities, including but not limited to the applicable Tennessee state regulatory authority and the Federal Department of Transportation. The owner of the private gas system, such as the developer, the developer's legally authorized successor, property owner, etc., shall retain ownership of and be responsible for all operation and maintenance of the private gas system. LCUB shall retain ownership of and be responsible for the operation and maintenance of the master metering equipment, which registers gas usage by the private gas system.

Section XIII. Prohibition of Gas Resale.

No person shall resell gas from LCUB's gas system without LCUB's express written permission.

Section XIV. Service Request / Emergency Callout

Service request of LCUB staff and equipment during normal business hours or after hours that have been determined to be the responsibility of the owner, contractor, or other referenced party shall be responsible for incurred cost but not limited to employee's rate, equipment, and/or material.

Schedule Of Natural Gas Rates, Deposits, and Fees

Tap Fees

\$300.00 Standard ¾" Class 250 Meter Residential / Commercial / Industrial Minimum Tap Fee. Charges may increase due to additional costs related to long-side services or other factors necessary to provide service to the customer.

\$325.00 Standard 1" Class 250 Meter Residential / Commercial / Industrial Minimum Tap Fee. Charges may increase due to additional costs related to long-side services or other factors necessary to provide service to the customer.

Service tap pricing request for meters 2" or larger, meter resizing, and/or upgrade shall be determined by LCUB on an estimate of actual cost.

Line Extension Fee

Requested line extensions by individuals or developers shall be discussed, designed, estimated, and permitted on an individual basis by the LCUB.

Engineering and / or Inspection Fees

Hourly rate of inspection services for residential / commercial developments including but not limited to associated work conducted in vicinity of LCUB infrastructure shall be estimated on individual basis.

Meter Testing

Customer request for meter testing to validate usage shall be charged associated cost related in the event of the meter test result is within the allowable accuracy.

Unauthorized Natural Gas Use

\$250.00 Tampering fee per event, if applicable. Additional charges may result regarding necessary repairs or replacement, estimated usage, etc. for the unauthorized connection or illegal use.

Natural Gas Rate Schedule

See LCUB's latest updated schedule.

Board Action

March 20, 2023, Approved