Section 3 - <u>CONNECTION CHARGES</u> (Cont'd)

3.1 CONNECTION CHARGE (Cont'd)

- 3.1.3 Special Construction (Cont'd)
 - 3.1.3.1 Basis for Cost Computation

Rates and charges for special construction will be based on the costs incurred by the Company and may include (1) nonrecurring type charges, (2) recurring type charges, (3) termination liabilities, or (4) a combination thereof.

3.1.3.2 Basis for Rates and Charges

The costs referred to in 3.1.1 preceding may include one or more of the following items to the extent that they are applicable:

- (a) Installed cost of the facilities to be provided including estimated costs for the rearrangement of existing facilities. Cost installed include the cost of:
 - (1) equipment and materials provided or used,
 - (2) engineering, labor, and supervision,
 - (3) transportation, and
 - (4) right of way;
- (b) cost of maintenance;
- (c) depreciation on the estimated cost installed of any facility provided, based on the anticipated useful service life of the facility with an appropriate allowance for the estimated net salvage;
- (d) administration, taxes, and uncollectible revenue on the basis of reasonable average costs for these items.

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