

ORIGINAL NEW APPLICATION



0000012730



SOUTHWEST GAS CORPORATION

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October 25, 2004

AZ CORP COMMISSION
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Arizona Corporation Commission

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OCT 26 2004

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

G-01551A-04-0769

E-01933A-04-0769

DOCKETED BY 

As previously approved by and pursuant to Arizona Corporation Commission (Commission) Decision Nos. 63846 and 66753 {approval of Special Gas Procurement Agreement (Agreement) between Southwest Gas Corporation (Southwest) and Tucson Electric Power Company (TEP)}, Southwest herewith submits for the Commission's review and approval an extension of the current pricing and minimum volume provisions as negotiated by both parties for an additional twelve month period beginning January 1, 2005.

Southwest herewith submits an original and thirteen (13) copies of the Letter Agreement and revised Exhibit A which has been redacted due to the commercially-sensitive nature of the information contained in the exhibit.

By copy of this letter, Southwest is providing a copy of the unredacted Exhibit A to the Director of the Commission Utilities Division and Commission Utilities Division Staff. The unredacted exhibit is being provided under seal in reliance upon prior Confidentiality Agreements related to Special Gas Procurement customers which have previously been executed by Staff and Southwest. In addition, Southwest is providing a copy of the Letter Agreement between TEP and Southwest.

Southwest respectfully requests that the attached Exhibit A be permitted to become effective January 1, 2005.

Respectfully,



Randall W. Sable
Manager, State Regulatory Affairs

- c Ernest Johnson, ACC
- Robert Gray, ACC
- Compliance Division, ACC (redacted)

SOUTHWEST GAS CORPORATION
SPECIAL PROCUREMENT AGREEMENT
UNDER SCHEDULE NO. G-30

CURRENT EFFECTIVE RATES:

Basic Charge/Month (3 meters @ \$560/meter) \$1,680.00

Usage Charge (per MMBtu):

Gas Costs¹ plus the applicable fuel and variable charges on the El Paso Natural Gas Company (El Paso) system plus a volumetric charge that shall be calculated at the beginning of each month, as soon as all indexes are published, and shall apply to all gas purchased for that month. The volumetric charge shall be calculated as follows provided, however, the volumetric charge shall never be lower than the Floor nor higher than the Cap as set forth below:

The lower of:

The difference between the first of the month Inside FERC Index² for the Permian Basin and the SoCal Border first of the month Inside FERC Index, or

The difference between the Fuel Oil Alternative, as defined below, and the Permian Basin first of the month Inside FERC Index plus the applicable El Paso fuel and variable charges.

The Fuel Alternative is the last week of the month New York Harbor No.2 Fuel Oil Price³ per MMBtu plus \$0.50/MMBtu.

The volumetric charge is further subject to the floors and Caps as defined below:

Season	Floor (\$/MMBtu)	Cap (\$/MMBtu)
Winter (Jan. 2005 – March 2005)		
Summer (April 2005 – Oct. 2005)		
Winter (Nov. 2005 – Dec. 2005)		

Effective Date: January 1, 2005, or as directed by the Arizona Corporation Commission. The above dates contemplate an effective date of January 1, 2005. If the effective date is later than January 1, 2005, corresponding adjustments shall be made to the commencement and ending dates.

¹ Gas Costs shall be actual costs the Utility incurs, but not less than "inside FERC's Gas Market Report", El Paso Natural Gas, Permian Basin Index when gas is purchased monthly, or "Gas Daily", El Paso Permian Basin Index when gas is purchased on the daily spot market.

² The Permian Basin Index price as published in Inside FERC's Gas Market Report by Platts, a division of McGraw Hill Companies, Inc. If in the future this publication/index is no longer available parties will agree to an alternate publication/index.

³ The No.2 Fuel Oil price as published in Natural Gas Week, Comparative Fuel Prices in the last week of the month prior to the delivery month. If in the future this publication/index is no longer available parties will agree to an alternate publication/index.

⁴ Pipeline Reservation Charge.

EXHIBIT A
36012

Delivery Points	Maximum Delivery Point Quantity per Day (MMBtu)	Priority
Irvington - 3950 East Irvington Road:		
Steam Units 1 & 2	40,704	P-5
Steam Unit 3	25,440	P-5
Steam Unit 4	37,134	P-5
Steam Unit 4 - Ignition Gas	1,350	P-2c
Combustion Turbine 1 & 2	18,000	P-3b
North Loop - 10600 North Casa Grande Hwy.		
Combustion Turbines 1, 2, & 3	27,000	P-3b
Combustion Turbine 4	4,800	P-2c
DeMoss Petrie - 2501 North Flowing Wells Road		
Combustion Turbine 1	18,000	P-2c
TOTAL	172,428	

Date Issued: October 14, 2004
Customer: Tucson Electric Power Company

SOUTHWEST GAS CORPORATION

"Utility"

TUCSON ELECTRIC POWER COMPANY

"Customer"

*awb
10/15/04*

By: *William N. Moody*
William N. Moody
Title: Vice President/Gas Resources
Date: *10.15.04*

By: *M.D.J.*
Senior Vice President
Title: *Senior Vice President*
Date: *10-20-04*