

NEW APPLICATION



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SOUTHWEST GAS CORPORATION

Arizona Corporation Commission

2004 DEC 14 P 3: 54

DOCKETED

AZ CORP COMMISSION
DOCUMENT CONTROL

DEC 13 2004

December 14, 2004

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

G-01551A-04-0890

Pursuant to the terms of Schedule No. G-30, Optional Gas Service, of Southwest Gas Corporation's (Southwest) Arizona Gas Tariff No. 7, Southwest herewith submits for the Arizona Corporation Commission's (Commission) review and approval a Special Gas Procurement Agreement (Agreement) for Eurofresh, Inc. Upon Commission approval, the Agreement shall continue in effect for a primary term of one year and continue from month to month thereafter.

As specified in Special Condition No. 3 of Schedule No. G-30, the Agreement enumerates the provisions whereby Southwest will procure specific supplies of gas for Eurofresh, Inc. Southwest is unable to serve Eurofresh, Inc. utilizing the floor cost of gas as defined in Schedule No. G-30. Consequently, a Special Gas Procurement was executed that will allow Southwest to retain Eurofresh, Inc. as a customer on its distribution system.

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

By copy of this letter, Southwest is providing a copy of the Agreement and unredacted Exhibit A to 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 Southwest and Staff.



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

Respectfully submitted,

Randall W. Sable
Manager, State Regulatory Affairs

c Robert Gray
Utilities Division

**SOUTHWEST GAS CORPORATION
SERVICE GAS
PROCUREMENT AGREEMENT
UNDER SCHEDULE G-30**

This Service Agreement ("Agreement") is made and entered into as of the 5th day of November 2004 by and between SOUTHWEST GAS CORPORATION, a California corporation, herein called the Utility and EUROFRESH, INC. herein called the Customer.

WITNESSETH:

In consideration of the mutual covenants and agreements as herein set forth, the Utility and the Customer agree as follows:

ARTICLE I - GAS TO BE SOLD AND PURCHASED

Subject to the terms, conditions and limitations hereof, the Utility agrees to sell and deliver to the Customer and the Customer agrees to receive, purchase and pay for natural gas volumes purchased and scheduled by the Utility on behalf of the Customer.

ARTICLE II - PROVISIONS OF SERVICE

Delivery of natural gas by the Utility to the Customer shall be at or near the points whose locations and priority are described on Exhibit A, and shall be in accordance with Rule No. 7 of the Utility's currently effective Arizona Gas Tariff.

ARTICLE III - APPLICABLE RATES AND RATE SCHEDULE

The Customer agrees to pay the Utility for all natural gas sales service rendered under the terms of this Agreement in accordance with the Utility's Schedule No. G-30, as approved by the Arizona Corporation Commission (Commission) and as amended or superseded from time to time. The commodity rate to be charged pursuant to Special Condition No. 3 of Schedule No. G-30 is set forth in the Exhibit A attached hereto and made a part hereof. This Agreement shall be subject to the provisions of such Schedule and the Rules and Regulations applicable thereto on file with the Commission and effective from time to time, which by this reference are incorporated herein and made a part hereof.

ARTICLE IV - TERM OF AGREEMENT

This Agreement shall become effective January 1, 2005 or any date thereafter that the Arizona Corporation Commission so directs and remain in effect for a Primary Term extending to and including December 31, 2005, and from month to month thereafter, subject, however, to termination either at the expiration of the said primary term or upon the first day of any month

thereafter, by either party hereto through written notice so stating and given to the other no less than thirty (30) days in advance.

ARTICLE V - NOTICES

Unless herein provided to the contrary, any notice called for in this Agreement shall be in writing and shall be considered as having been given if delivered personally, by mail, or facsimile with all postage and charges prepaid, to either the Customer or the Utility at the place designated. Routine communications shall be considered as duly delivered when mailed by ordinary mail. Normal operating instructions can be made by telephone. Unless changed, the addresses of the parties are as follows:

Southwest Gas Corporation	Eurofresh, Inc.
Attn: Large Customer Sales	Attn: Johan van den Berg
P.O. Box 98510, LVB-106	26050 Eurofresh Avenue
Las Vegas, NV 89193-8510	Willcox, AZ 85643
Phone No. 702-364-3063	Phone No. 520-384-4621
Fax No. 702-365-5904	Fax No. 520-384-2010

Either party may change its address at any time upon written notice to the other.

ARTICLE VI - PRIOR AGREEMENTS

When this Agreement becomes effective, it supersedes, cancels and terminates the following agreement(s):

-Special Gas Procurement Agreement dated July 22, 1997 and all subsequent amendments-

ARTICLE VII - OTHER OPERATING PROVISIONS

A. OPERATING CONDITIONS

Prior to the beginning of each month, the Customer will inform the Utility's Gas Purchasing Department of its anticipated usage for the following month. The Customer agrees to use its best efforts to accurately forecast its monthly nominations to the Utility. The Customer has the ability to purchase supplies through a fixed contract. If the Customer elects a fixed supply contract, the volumes delivered under this contract will be the first through the meter. The Utility, at its sole discretion, retains the authority to obtain additional supplies or reduce supplies to meet the Customer's daily and/or monthly natural gas requirements. During periods when the El Paso Natural Gas Company has declared an "Overpull Alert", the Customer agrees to limit its daily usage to the supplies scheduled for the Customer by the Utility.

If the Customer for any reason is shut down or is substantially not utilizing the amount of gas secured under a termed, fixed supply contract, the Utility may liquidate these supplies. Should this occur, the Customer expressly understands and agrees to the following:

For any volumes liquidated by the Utility for the Customer at a price less than the actual purchase price, the Customer will pay this difference to the Utility.

For any volumes liquidated by the Utility for the Customer at a price more than the actual purchase price, the Customer will be credited this difference by the Utility.

B. CONFIDENTIALITY

Neither the Utility nor the Customer, nor their respective affiliates, directors, officers, employees, agents nor permitted assignees shall disclose to any third party the terms and provisions of this Agreement without the other party's prior written consent; provided, however that the Utility may make such disclosure of the terms and provisions of this Agreement to the Arizona Corporation Commission as in the opinion of counsel to the Utility is required by applicable law, rule or regulation, and provided that with respect to any such disclosure to the Arizona Corporation Commission, the Utility shall take all steps reasonably available to maintain the confidentiality of this Agreement and prevent its disclosure to third parties; and provided further that the Customer may make such disclosure as required by law, and on a confidential basis, of the terms and provisions of this Agreement to their consultants and attorneys.

C. UPSTREAM CAPACITY ISSUES

Natural gas service to the Customer may be subject to some service interruptions if there is a recall of Block 2 capacity in El Paso Natural Gas' system.

ARTICLE VIII - REGULATORY REQUIREMENTS

This Agreement, all terms and provisions contained or incorporated herein, and the respective obligations of the parties hereunder are subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction over the subject matter of this Agreement. This Agreement shall at all times be subject to such changes or modifications by the Commission as it may from time to time direct in the proper exercise of its jurisdiction.

Should the Arizona Corporation Commission or any other regulatory or successor governmental agency having jurisdiction impose by rule, order or regulation any terms or conditions upon this Agreement which are not mutually satisfactory to the parties, then either party upon the issuance of such rule, order or regulation, and notification to the other party, may terminate this Agreement.

Either party's right to terminate this Agreement for the above reasons shall be expressly contingent upon the Utility's ability to liquidate any gas supplies secured for the Customer under

a termed, fixed supply contract. Should this occur, the Customer expressly understands and agrees to the following:

- 1) For any volumes liquidated by the Utility for the Customer at a price less than the actual purchase price, the Customer agrees to pay this difference to the Utility.
- 2) For any volumes liquidated by the Utility for the Customer at a price more than the actual purchase price, the Customer will be credited this difference by the Utility.

ARTICLE IX - SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. No assignment or transfer by either party hereunder shall be made without written approval of the other party. Such approval shall not be unreasonably withheld. As between the parties hereto, such assignment shall become effective on the first day of the month following receipt of written notice that such assignment has been effectuated.

SOUTHWEST GAS CORPORATION

"Utility"

EUROFRESH, INC.

"Customer"

By:

Will N Moody

William N. Moody

William N. Moody

Title:

Vice President Gas Resources

Vice President Gas Resources

Date:

12/13/04

12/13/04

By:

Johan van den Berg

Johan van den Berg

Johan van den Berg

Title:

Chief Executive Officer

Chief Executive Officer

Date:

11-19-2004

11-19-2004

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

CURRENT EFFECTIVE RATES:

Basic Service Charge Per Month Per Meter

Amount
\$500.00

Commodity Charge:

Gas Cost ¹ plus the applicable fuel and variable charges on the El Paso Natural Gas Company system, plus the Utility's applicable shrinkage charge, plus a volumetric charge of [redacted] per therm.

Site	CSS Account No.	Meter No.	Delivery Point(s)	Delivery Pressure	Maximum Delivery Point Quantity per Day (Therms)	Therms by Priority
1	4731017158-002	09021799	26050 Eurofresh Ave.	100 Psig	21,000	P2a
2	4731019769-002	01197426	26050 Eurofresh Ave	100 Psig	21,000	P2a
3	4731002046-002	01383611	26050 Eurofresh Ave	100 Psig	21,000	P2a
4	4731025328-002	56159744	26050 Eurofresh Ave	100 Psig	21,000	P2a
5	TBD	TBD	26050 Eurofresh Ave	100 Psig	21,000	P2a
6	TBD	TBD	26050 Eurofresh Ave	100 Psig	21,000	P2a

Effective Date: January 1, 2005 or as directed by the Arizona Corporation Commission.
Date Issued: November 1, 2004
Customer: **EUROFRESH, INC.**

SOUTHWEST GAS CORPORATION
"Utility"

EUROFRESH, INC.
"Customer"

By: William N. Moody
William N. Moody

Title: Vice President Gas Resources

Date: 12/13/04

By: Johan van den Berg
Johan van den Berg
Chief Executive Officer

Date: 11-19-2004

¹ Gas cost equals actual cost of gas purchased by the Utility for the Customer.
11/03/04