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ORIGINAL

Our File Number 35867-00009

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August 4, 2003

VIA HAND DELIVERY

Arizona Corporation Commission
Utilities Division – Docket Control
1200 W. Washington Street
Phoenix, Arizona 85007

Re: Tariffs for UNS Gas, Inc. and UNS Electric, Inc.
Docket No: *E-01032C-00-0751; G-01032A-02-0598; E-01933A-02-0914; E-01032C-02-0914; and G-01032A-02-0914*

Enclosed for filing are the original and 17 copies of tariffs for UNS Gas, Inc. and UNS Electric, Inc. These tariffs are filed in compliance with Decision No. 66028 and reflect all Commission-approved changes in the gas rate case filing and to the PPFAC. The Rules and Regulations for UNS Gas, Inc. reflect the tariffs originally filed by Citizens in the gas rate case, as revised by the approved changes to the line extension policy in Section 7 and other conforming changes. The Pricing Plan Rider No. 1 reflects a new PPFAC Adjuster Rate approved in Decision No. 66028.

UniSource and Citizens intend to close the purchase of the gas assets and electric assets on August 11, 2003 and, therefore, request that these tariffs have an effective date of August 11, 2003.

Any questions regarding this filing should be directed to my attention.

Very truly yours,

LEWIS AND ROCA LLP

Tom Campbell

Thomas H. Campbell

THC/bjg
Enclosures

cc: Ernest Johnson, Director (hand delivered)
Jason Gellman, Legal Division (hand-delivered)

1425823.1

PURCHASED POWER FUEL ADJUSTER CLAUSE (PPFAC) RIDER NO. 1

APPLICABILITY

The PPFAC will be applied to all customers taking Standard Offer service from the Company pursuant to the Arizona Corporation Commission ("ACC") Decision No. 66028 dated July 3, 2003.

MONTHLY BILL

The customer monthly bill shall consist of the applicable Pricing Plan charges and adjustments in addition to the PPFAC. The PPFAC adjuster rate may be adjusted by a true-up mechanism from time to time, and the per kWh charge modified to reflect an increase or decrease, as approved by the ACC.

PPFAC Adjuster Rate

$0.01825 per kWh

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company.

RULES AND REGULATIONS

This pricing plan is subject to all applicable laws and orders, and the Company's Rules and Regulations on file with the ACC.

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SECTION NO. 1
APPLICABILITY OF RULES AND REGULATIONS AND DESCRIPTION OF SERVICE

A. UniSource Energy Services' UNS Gas, Inc. ("Company") is a gas utility operating within the state of Arizona. The Company will provide service to any person, institution or business located within its service area in accordance with the provisions of its rate schedules and the terms and conditions of its rules as filed with and approved by the Arizona Corporation Commission ("ACC").

B. All gas delivered to any Customer is for the sole use of such Customer on that Customer's premises only. Gas delivered by the Company shall not be redelivered or resold or the use thereof by others permitted unless otherwise expressly agreed to in writing by the Company. However, those Customers purchasing gas for redistribution to the Customer's own tenants (only on the Customer's premises) may separately meter each tenant distribution point for the purpose of prorating the Customer's actual purchase price of gas delivered among the various tenants on a per unit basis.

C. The Company rules shall apply to all gas service furnished by the Company to its Customers.

D. The Company rules shall remain in effect until modified, amended, or deleted by order of the ACC. No employee, agent or representative of the Company is authorized to modify the Company rules.

E. The Company rules shall be applied uniformly to all similarly situated Customers.

F. It is intended that the Company rules comply in all respects with the rules of the ACC. In case of conflict, the rules of the ACC shall govern, except those for which the ACC has procedurally suspended or excused compliance therewith, in which event the Company rules shall govern.

G. Whenever the Company and an applicant or a Customer are unable to agree on the terms and conditions under which such applicant or Customer is to be served, or are unable to agree on the proper interpretation of the Company rules, either party may request assistance from the Consumer Services Section of the Utilities Division of the ACC. The applicant or Customer also has the option to file an application with the ACC for a proper order, after notice and hearing.

SECTION NO. 2
DEFINITIONS

A. In these rules, the following definitions shall apply unless the context requires otherwise:

1. "Advance in Aid of Construction" – Funds provided to the Company by an applicant under the terms of a main extension agreement, the value of which may be refundable.

2. "Applicant" – A person or entity requesting the Company to supply gas service.

3. "Application" – A request to the Company for gas service, as distinguished from any inquiry as to the availability or charges for such service.

4. "Arizona Corporation Commission" ("ACC") – The regulatory authority of the State of Arizona having jurisdiction over public service corporations operating in Arizona.

5. "Billing Month" – The time interval between any two regular readings of the Company's meters at approximately thirty (30) day intervals.

6. "Billing Period" – The time period between two consecutive meter readings that are taken for billing purposes.

7. "British Thermal Unit" ("BTU") – The amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit, at standard conditions.

8. "CCF" – One hundred (100) cubic feet.

9. "Commodity Charge" – The unit cost for billed usage as set forth in the Company's tariffs.

10. "Company" – UNS Gas, Inc.

11. "Contributions in Aid of Construction" – Funds provided to the Company by the applicant under the terms of a main extension agreement and/or service connection tariff, the value of which are not refundable.

SECTION NO. 2
DEFINITIONS
(continued)

12. "Cubic Foot" –
    a. In cases where gas is supplied and metered to Customers at the standard delivery pressure, a cubic foot of gas is the volume of gas, which at the temperature and pressure existing in the meter occupies one cubic foot.
    b. Regardless of the pressure supplied to the Customer, the volume of gas metered will be converted to the volume, which the gas would occupy at standard conditions of 14.73 pounds per square inch absolute at sixty (60) degrees Fahrenheit.
    c. The standard cubic foot of gas for testing the gas for heating value shall be that volume of gas which, when saturated with water vapor and at a temperature of sixty (60) degrees Fahrenheit and under a pressure equivalent to that of thirty (30) inches of mercury (mercury at thirty-two (32) degrees Fahrenheit and under standard gravity), occupies one (1) cubic foot.

13. "Curtailment Priority" – The order in which gas service is to be curtailed to various classifications of Customers, as set forth in the Company's tariffs.

14. "Customer" – The person or entity in whose name service is rendered, as evidenced by the signature on the application or contract for that service, or by the receipt and/or payment of bills regularly issued in his name regardless of the identity of the actual user of the service.

15. "Customer Charge" – The amount the Customer must pay the Company for the availability of gas service, excluding any gas used, as specified, in the Company's tariffs.

16. "Customer Service Complaint" - Written complaint received from a customer, or through the ACC on behalf of a customer.

17. "Day" – Calendar day.

18. "Dekatherm" - Ten (10) therms or 1,000,000 BTU

19. "Distribution Main" – A gas line of the Company from which service lines may be extended to Customers with pressures less than transmission lines as defined by U.S. Department of Transportation, Pipeline Safety Regulations, 49 CFR Part 192, Section 3.

20. "Handicapped" – A person with a physical or mental condition which substantially contributes to the person's inability to manage his of her own resources, carry out activities of daily living, or protect oneself from neglect or hazardous situations without assistance from others.

21. "Illness" – A medical ailment or sickness for which a residential Customer obtains a verifiable document from a licensed medical physician stating the nature of the illness and that discontinuance of service would be especially dangerous to the Customer's health.

SECTION NO. 2
DEFINITIONS
(continued)

22. "Inability to Pay" – Circumstances where a residential Customer:

    a. Is not gainfully employed and is unable to pay; or

    b. Qualifies for government welfare assistance, but has not begun to receive assistance on the date that the bill is received and can obtain verification from the government welfare agency; or

    c. Has an annual income below the published federal poverty level and can produce evidence of this; and

    d. Signs a declaration verifying that the Customer meets one of the above criteria and is either a senior citizen, handicapped, or suffers from an illness.

23. "Interruptible Gas Service" – Gas service that is subject to interruption or curtailment as specified in the company's tariffs.

24. "Main Extension" – The lines and equipment necessary to extend the existing gas distribution system to provide service to additional customers.

25. "Master Meter" – An instrument for measuring or recording the flow of gas at a single location from which said gas is transported through a piping system to tenants or occupants for their individual consumption.

26. "MCF" – One thousand (1,000) cubic feet.

27. "Meter" – The instrument for measuring and indicating or recording the volume of gas that has passed through it.

28. "Meter Tampering" – A situation where a meter has been illegally altered. Common examples are meter bypassing and other unauthorized connections.

29. "Minimum Charge" – The amount the Customer must pay for the availability of gas service, including an amount of usage, as specified in the Company's tariffs.

30. "Permanent Customer" – A Customer who is a tenant or owner or a service location who applies for and receives gas service.

31. "Permanent Service" – Service which, in the opinion of the Company, is of a permanent and established character. The use of gas may be continuous, intermittent, or seasonal in nature.

32. "Person" – Any individual, partnership, corporation, governmental agency, or other organization operating as a single entity.

SECTION NO. 2
DEFINITIONS
(continued)

33. "Point of Delivery" – The point of delivery for all gas delivered to any Customer shall be at the point of interconnection between the facilities of the Company and those of such Customer. This is ordinarily at the outlet of the meter, unless established otherwise by mutual consent.

34. "Premises" – All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided by public streets, alleys or railways.

35. "Residential Subdivision" – Any tract of land which has been divided into four or more contiguous lots for use in the construction of residential buildings or permanent mobile homes for either single or multiple occupancy.

36. "Residential Use" – Service to Customers using gas for domestic purposes such as space heating, air conditioning, water heating, cooking, clothes drying, and other residential uses and includes use in apartment buildings, mobile home parks, and other multi-unit residential buildings.

37. "Restricted Apparatus" – An apparatus prohibited by the ACC, or other governmental agency, or the Company.

38. "Senior Citizen" – A person who is sixty-two (62) years of age or older.

39. "Service Areas" – the territory in which the Company has been granted a certificate of convenience and necessity and is authorized by the ACC to provide gas service.

40. "Service Establishment Charge" – A charge as specified in the Company's tariffs which covers the cost of establishing a new account.

41. "Service Line" – A gas pipe that transports gas from a common source or supply (normally a distribution main) to Customer's point of delivery.

42. "Service Reconnection Charge" – A charge as specified in the Company's tariffs which must by paid by the Customer prior to re-establishment of gas service each time the gas is disconnected for nonpayment, or whenever service is discontinued for failure to comply with the Company's tariffs.

43. "Service Re-Establishment Charge" – A charge as specified in the Company's tariffs for service at the same location where the same Customer had ordered a service disconnect within the preceding twelve (12) month period.

44. "Single Family Dwelling" – A house, an apartment, a mobile home permanently affixed to a lot, or any other permanent residential unit which is used as permanent home.

SECTION NO. 2
DEFINITIONS
(continued)

45. "Standard Delivery Pressure" – 0.25 pounds per square inch gauge at the meter or point of delivery.

46. "Tariffs" – The documents filed with the ACC that list the services offered by the Company and set forth the terms and conditions and a schedule of the rates and charges for those services and products.

47. "Temporary Service" – Service to premises or enterprises that are temporary in character, or where it is known in advance that the service will be of limited duration. Service that is for operations of speculative character is also considered temporary service.

48. "Therm" – A unit of heating value, equivalent to one hundred thousand (100,000) British Thermal Units.

49. "Third Party Notice" – A notice sent to an individual or a public entity willing to receive notification of the pending discontinuance of service of a Customer of record, in order to make arrangements on behalf of said Customer that are satisfactory to the Company.

50. "Transmission Line"- A gas line for delivering natural gas that has pressures defined by U.S. Department of Transportation, Pipeline Safety Regulations, 49 CFR Part 192, Section 3.

51. "Unauthorized" – Use of gas services that is not in accordance with the ACC's and/or the Company's rules, regulations and tariffs.

52. "Utility" – The public service corporation providing gas service to the public in compliance with state law.

53. "Weather Especially Dangerous to Health" – That period of time commencing with the scheduled termination date when the local weather forecast, as predicted by the National Oceanographic and Administration Service, indicates that the temperature will not exceed thirty-two (32) degrees Fahrenheit for the next day's forecast. The ACC may determine that other weather conditions are especially dangerous to health as the need arises.

54. "Working Hours" – The period of time during which the Company offices are open for business.

55. "Yardline" – A gas pipe that transports gas from the Customer's point of delivery to the point of entry into the Customer's residence or other place of consumption.

SECTION NO. 3
ESTABLISHMENT OF SERVICE

A. Information From Applicants

1. The Company may obtain the following minimum information from each applicant of service:

   a. Name or names of applicant(s);

   b. Service address or location and telephone number

   c. Billing address or location and telephone number, if different than service address;

   d. Address where service was provided previously;

   e. Date applicant will be ready for service;

   f. Indication of whether premises have been supplied with gas service previously;

   g. Purpose for which service is to be used;

   h. Indication of whether applicant is owner or tenant of, or agent for, the premises;

   i. Information concerning the gas usage and demand requirements of the Customer; and

   j. Type and kind of life-support equipment, if any, used by the Customer.

2. The Company may require a new applicant for service to appear at the Company's designated place of business to produce proof of identity and sign the Company's application form.

3. Where service is requested by two or more individuals, the Company shall have the right to collect the full amount owed to the Company from any one of the applicants.

B. Deposits

1. The Company may require from any present or prospective Customer a security deposit to guarantee payment of all bills. This deposit may be retained by the Company until service is discontinued and all bills have been paid; except as provided in Subsection B.4 below. Upon proper application by the Customer, the Company shall then return said deposit, together with any unpaid interest accrued thereon from the date of commencement of service or the date of making the deposit, whichever is later. The Company shall be entitled to apply said deposit together with any unpaid interest accrued thereon, to any indebtedness for the same class of service owed to the Company for gas service furnished to the Customer making the deposit. When said deposit has been applied to any such indebtedness, the Customer's gas service may be discontinued until all such indebtedness of the Customer is paid and a like deposit is again made with the Company by the Customer. No interest shall accrue on any deposit after discontinuance of the service to which the deposit relates.

SECTION NO. 3
ESTABLISHMENT OF SERVICE
(continued)

The Company shall not require a deposit from a new applicant for residential service if the applicant is able to meet any of the following requirements:

a. The applicant has had service of a comparable nature with the Company at another service location within the past two (2) years and was not delinquent in payment more than twice during the last twelve (12) consecutive months, or was not disconnected for nonpayment;

b. The applicant can produce a letter regarding credit or verification from a gas or electric utility which states that the applicant has had service of a comparable nature with that utility at another service location within the past two (2) years and was not delinquent in payment more than twice during the last twelve (12) consecutive months, or was not disconnected for nonpayment;

c. In lieu of a cash deposit, a new applicant may provide a Letter of Guarantee from an existing Customer of the Company who is acceptable to the Company, a surety bond, or similar alternative acceptable to the Company, such as a Certificate of Deposit, as security for Company in the sum equal to the required deposit; or

d. If a credit check is offered by the Company, the applicant authorizes a credit check and meets the standards established by the Company..

2. The Company may issue a non-assignable, non-negotiable receipt to the applicant for the deposit. The inability of the Customer to produce such a receipt shall in no way impair the Customer's right to receive a refund of the deposit which is reflected on the Company's records.

3. Interest at the rate of six percent (6.0%) per annum will be paid by the Company upon each such deposit for the time such deposit was held by the Company and the Customer was served by the Company, except that no interest will be paid on deposits for which Customers have turned service on and off within the same calendar month. Such payment of interest shall be made during January of each year for Customers served by the Company for at least six (6) months and will cover all interest accrued up to the end of the preceding calendar year or on the date the deposit is returned to the Customer, pursuant to Subsection B.4 below. At the Company's option, the above payments may be made either by check or by credit on the monthly bill.

4. All deposits of residential or commercial Customers received and held by the Company shall be returned to the Customer by the Company (with interest, as provided by Subsection B.3 above), at such time as the affected Customers shall have maintained for a period of twelve (12) consecutive months (from and after the date when the deposit was made), their accounts with the Company. The Customer's accounts shall have been maintained in such a manner that they shall not have been delinquent in the payment of more than two (2) bills during such twelve (12) month period, whether at the same address or at a different address, nor have had their gas service, whether at the same address or at a different address, discontinued, in accordance with these rules, for failure to pay for gas service previously rendered.

SECTION NO. 3
ESTABLISHMENT OF SERVICE
(continued)

5. The Company may require a Customer to establish or re-establish a deposit if the Customer became delinquent in the payment of three (3) or more bills within a twelve (12) consecutive month period, or has been disconnected from service during the last twelve (12) months.

6. The Company may review the Customer's usage after service has been connected and adjust the deposit amount based upon the Customer's actual usage.

7. A separate deposit may be required for each meter installed.

8. Residential customer deposits shall not exceed two (2) times that customer's estimated average monthly bill. Non-residential customer deposits shall not exceed two and one-half (2.5) times that customer's maximum estimated monthly bill. If actual usage history is available, then that usage, adjusted for normal weather, will be the basis for the estimate.

C. Grounds For Refusal Of Service

The Company may refuse to establish service if any of the following conditions exist:

1. The applicant has an outstanding amount due for the same class of gas service with the Company and the applicant is unwilling to make arrangements with the Company for payment;

2. A condition exists which is unsafe or hazardous to the applicant, the general population, or the Company's personnel or facilities;

3. The applicant refuses to provide the Company with a deposit when the Customer has failed to meet the credit criteria for waiver of deposit requirements;

4. Customer is known to be in violation of the Company's tariffs filed with the ACC;

5. Customer fails to furnish such funds, service, equipment, and/or rights-of-way necessary to serve the Customer and which have been specified by the Company as a condition for providing service; or

6. Applicant falsifies his or her identity for the purpose of obtaining service.

SECTION NO. 3
ESTABLISHMENT OF SERVICE
(continued)

D. Service Establishments, Re-establishment or Reconnection Charge

1. The Company may make a charge as approved by the ACC for the establishment, re-establishment, or reconnection of service.

2. Should service be established during a period other than regular working hours at the Customer's request, the Customer may be required to pay an after-hour charge for the service connection. Where the Company's scheduling will not permit service establishment on the same day requested, the Customer can elect to pay the after-hour charge for establishment that day, or his service will be established on the next available working day.

3. For the purpose of this Rule, the definition of service establishments are where the Customer's facilities are ready and acceptable to the Company, and the Company needs only to install a meter, read a meter, or turn the service on.

E. Temporary Service

1. Applicants for temporary service may be required to pay to the Company, in advance of service establishment, the estimated cost of installing and removing the facilities necessary for furnishing the desired service.

2. Where the duration of service is to be less than one month, the applicant may also be required to advance a sum of money equal to the estimated bill for service.

3. Where the duration of service is to exceed one month, the applicant may also be required to meet the deposit requirements of the Company, as outlined in Subsection B.1 above.

4. If at any time during the term of the agreement for service the character of a temporary Customer's operations changes so that the Customer is classified as permanent, the terms of the Company's main extension rules shall apply.

SECTION NO. 4
MINIMUM CUSTOMER INFORMATION REQUIREMENTS

A. Information for Residential Customers

1. The Company shall make available upon Customer request, no later than sixty (60) days from the date of request, a concise summary of the rate schedule applied for by such Customer. The summary shall include the following:

   a. Monthly minimum or Customer charge, identifying the amount of the charge and the specific amount of usage included in the minimum charge, where applicable;

   b. Rate blocks, where applicable; and

   c. Any adjustment factor(s) and method of calculation.

2. The Company shall, to the extent practical, identify the tariff most advantageous to the Customer and notify the Customer of such tariff prior to service commencement.

   For new non-residential customers whose projected consumption is near the threshold between "large" and "small" rates, they will be placed on the "small" rate, subject to refund if their usage qualifies them as a "large" customer. An existing non-residential customer will be moved to the "large" rate, or once moved, back to the "small" rate, only if their consumption history or a clear permanent change in consumption makes it clear the customer will meet the volume requirements of one rate or the other.

   A review may be initiated by either the Company or the Customer. Any change of rate schedule, if appropriate, will be effective with the first bill issued 7 days after the review initiation. No adjustment of past billings due to rate selection will be made to either the Company or the Customer, except for a new customer who qualifies for the "large" rate based on its first twelve (12) months of usage.

3. Upon Customer request, the Company shall make available to the Customer, a copy of the ACC's Rules and Regulations (Arizona Administrative Code, Title 14, Article 3 - Gas Utilities) concerning:

   a. Deposits;

   b. Termination of Service;

   c. Billing and Collection; and

   d. Complaint Handling.

SECTION NO. 4
MINIMUM CUSTOMER INFORMATION REQUIREMENTS
(continued)

4. The Company, upon request of a Customer, shall transmit a written statement of actual consumption by the Customer for each billing period during the prior twelve (12) months unless such data is not reasonably ascertainable.

5. The Company shall inform all new Customers of their rights to obtain the information specified above.

6. The Company shall notify each customer of the following information, in writing, within ninety (90) days after the customer first receives gas service at a particular location:

   a. The Company does not maintain the Customer's buried piping;

   b. If the Customer's buried piping is not maintained, it may be subject to the potential hazards of corrosion and leakage;

   c. Buried gas piping should be periodically inspected for leaks, periodically inspected for corrosion if the piping is metallic, and repaired if any unsafe condition is discovered;

   d. When excavating near buried gas piping, the piping should be located in advance, and the excavation done by hand;

   e. The Company (if applicable), plumbing contractors and heating contractors can assist in locating, inspecting, and repairing the Customer's buried piping; and

   f. In order to reduce damage by outside forces, the Company is a member of the statewide one call system in all areas in which the Company has distribution or transmission system piping.

B. Information Required Due to Changes in Rates and Charges

1. The Company shall transmit to affected Customers a concise summary of any changes in the Company's rates and charges significantly impacting those Customers.

2. This information shall be transmitted to the affected Customer(s) within sixty (60) days of the effective date of the change in the Company's rates and charges.

SECTION NO. 5
MASTER METERING

Mobile Home Parks – New Construction/Expansion

A. The Company shall refuse service to all new construction and/or expansion of existing permanent residential mobile home parks unless the construction and/or expansion are individually metered by the Company. Main extensions and service line connections to serve such new construction or expansion shall be governed by the main extension and/or service line connection policies of these rules and regulations.

B. Permanent residential mobile home parks for the purpose of this rule shall mean mobile home parks where the average length of stay for an occupant is a minimum of six (6) months.

C. For the purpose of this rule, expansion means construction which has been started for additional permanent residential spaces after the effective date of this rule.

SECTION NO. 6
SERVICE LINES AND ESTABLISHMENTS

A. Priority and Timing of Service Establishments

1. After an applicant has complied with the Company's application and deposit requirements and has been accepted for service by the Company, the Company shall schedule that Customer for service establishment.

2. Service establishment shall be scheduled for completion within five (5) working days of the date the Customer has been accepted for service, except in those instances when the Customer requests service establishment beyond the five (5) working day limitation.

3. When the Company has made arrangements to meet with a Customer for service establishment purposes and the Company or the Customer cannot make the appointment during the prearranged time, the Company shall reschedule the service establishment appointment to the satisfaction of both parties.

4. The Company shall schedule service establishment appointments within a maximum range of four (4) hours during normal working hours, unless another time frame is mutually acceptable to the Company and the Customer.

5. Service establishments shall be made only by qualified Company service personnel.

6. For the purpose of this rule, service establishments can occur only when the Customer's facilities are ready and acceptable to the Company and the Company needs only to install or read a meter or turn the service on.

7. A fee for service establishment, re-establishment, or reconnection of service may be charged at a rate on file with and approved by the ACC. Whenever the applicant requests after-hours handling of his request, the Company shall charge an additional fee on file with and approved by the ACC unless a special call out is required. If a special call out is required, the charge shall be for a minimum of one hour at the Company's then prevailing after-hours rate for the service work on Customer's premises. Special handling of calls and the related charges shall be made only on request of the applicant.

B. Facilities

1. Customer Provided Facilities

   a. An applicant for service shall be responsible for the safety and maintenance of all Customer piping from the point of delivery to the point of consumption.

   b. Meters shall be installed in a location suitable to the Company where the meters will be safe from street traffic, readily and safely accessible for reading, testing and inspection, and where such activities will cause the least interference and inconvenience to the Customer. The Customer shall provide, without cost to the Company and at a suitable and easily accessible location, sufficient and proper space for the installation of meters.

SECTION NO. 6
SERVICE LINES AND ESTABLISHMENTS
(continued)

c. Where the meter or service line location on the Customer's premises is changed at the request of the Customer or due to alterations on the Customer's premises, the Customer shall provide, and have installed at his expense, all Customer piping necessary for relocating the meter and the Company may make a charge for moving the meter and/or service line.

d. On all newly-constructed customer piping at the meter interconnection, the customer will be required to install hardware necessary at that point to facilitate meter changeout and other maintenance operations, before the meter is installed.

2. Company Provided Facilities

a. The Company will install, at its own expense, the gas service riser, service cock, regulator and meter at a suitable location near the side wall of the Customer's building approximately three (3) feet or more from that front corner of the building nearest to the street in which the Company's distribution main is located. However, the Company, at its option, has the right to locate the meter at any location meeting the criteria of Subsection B.1.b of this section.

The three (3) feet refers to the approximate location of the meter from the corner of the building that is nearest to the street in which the distribution main servicing that Customer is located. The gas service riser, service cock, regulator and meter are all above ground. The service from the Company's distribution main to the building is below ground.

b. The Company will install the gas service line and make all connections of the gas service line from the distribution main to the service riser. The Company will in all cases be responsible for construction of the service line from the Company's distribution main to the Customer's property line for an amount not to exceed the Incremental Contribution Study (see Section No. 7, Subsection B), with the Customer reimbursing the Company for the difference. The customer will reimburse the Company for gas service line on the Customer's property at a rate of eight dollars ($8.00) per foot. For customers who provide trench for service lines, Section No. 7, Subsection B.4.d will apply. For customers who provide the trench for the entire service line, the Customer will reimburse the Company at a rate of $5.00 for the excess footage described above. The Customer, at the Customer's own expense, shall furnish and install all other pipe fittings and connections between the point of delivery and each point of consumption

c. No Customer-owned pipe shall be directly connected with the Company's distribution mains. No connection shall be made by the Customer between the facilities of the Company, including the meter, service cock and regulator and those of the Customer, nor shall any facilities of the Company be disconnected, removed, repaired or altered except by the Company's representatives.

SECTION NO. 6
SERVICE LINES AND ESTABLISHMENTS
(continued)

d. A single meter and a single point of delivery may be used to supply a group of buildings, such as those of a hospital or industrial establishment under single ownership or control. Buildings located on separate lots are to be supplied with individual service connections as provided for in Subsections 2.a and 2.b above.

e. The Company may decline service to mobile residences or portable or other temporary structures if the conditions do not afford adequate protection for the occupant(s) thereof, or the persons or property of others. In no event will gas service be permitted, if to the Company's knowledge, the Customer or the Customer's facilities fail to meet applicable requirements of law, of the State, or of any local code.

3. Easements and Right-of-Way

a. Each Customer shall grant adequate easement and right-of-way satisfactory to the Company, at no cost, to ensure proper service connection. Failure on the part of the Customer to grant adequate easement and right-of-way shall be grounds for the Company to refuse service.

b. When the Company discovers that a Customer or the Customer's Agent is performing work or has constructed facilities adjacent to or within an easement or right-of-way and such work, construction or facility poses a hazard or is in violation of Federal, State or local laws, ordinances, statutes, rules or regulations or significantly interferes with the Company's access to equipment, the Company shall notify the Customer or the Customer's Agent and shall take whatever actions are necessary to eliminate the hazard, obstruction or violation at the Customer's expense.

4. Point of Delivery

The point of delivery for all gas delivered to any Customer shall be at the point of interconnection between the facilities of the Company and those of the Customer. This is ordinarily at the outlet of the meter, unless otherwise established by mutual consent.

SECTION NO. 7
EXTENSION OF LINES

Extensions of gas distribution services and mains necessary to furnish permanent service to applicants will be made in accordance with this rule.

A. General

The Company will construct, own, operate and maintain service and main line extensions.

1. Gas service lines will be of suitable capacity from the Company's gas main to a meter location on the property of the applicant that is satisfactory to the Company.

2. Gas distribution main extensions will be only along public streets, roads, and highways, which the Company has legal right to occupy, and on public lands and private property across which rights-of-way, satisfactory to the Company, may be obtained.

B. Service and Main Extensions to Applicants for Service

1. General Policy – All service line and main line extensions are made on the basis of economic feasibility except those for master-metered mobile home parks ("MMP"), whose extensions shall be made in accordance with the provisions in Subsection B.3 below. The economic feasibility will be calculated by the Incremental Contribution Method as described in Subsection B.4 below. However, at a minimum, the Company will extend thirty (30) feet of main for each applicant who connects a functioning water heater or furnace within four (4) months of the completion of the main.

2. Facility Charge – If any applicant fails to use natural gas for equipment stated in the application and used as the basis for estimating the allowable investment within four (4) months of the completion of the main, the Company may calculate and bill the applicant and the applicant shall pay within forty-five (45) days a nonrefundable Facilities Charge according to the Company's extension rule in effect at the time the extension was made, as though service had been requested on the basis of the actual equipment installed and utilized. At its option, the Company may require a performance bond or other surety guaranteeing bona fide operation of the facility for which the extension is requested, in accordance with applicant's representation in the contract.

3. If the residential customers are tenants in a fully improved MMP and the MMP is currently or was formerly served as a master-metered mobile home park, the allowable investment for the MMP will be determined by the following formula:

$$AI = (FR - CR) \times 5$$

where: AI = Allowable Investment

SECTION NO. 7
EXTENSION OF LINES
(continued)

FR = The MMP's estimated future total annual revenue, assuming conversion to individual residential service, using the MMP's average park occupancy for the past two (2) years, less the Company's current average cost of purchased gas.

CR = The MMP's current total annual revenue, under the applicable schedule, averaged for the past two (2) years, less the Company's current average cost of purchased gas. If the MMP is not a current customer of the Company, the CR will be determined on the basis of engineering estimates of occupancy and usage.

The Company will install that portion of each service in excess of the allowance subject to a nonrefundable contribution to be paid by the applicant MMP prior to construction. In no event shall costs above the allowable investment be borne by the Company.

4. Incremental Contribution Method – Gas service line and main line extensions will be made by the Company at its expense for the allowable investment as calculated by an Incremental Contribution Study ("ICS").

   a. Allowable investment shall mean a determination by the Company that the revenues less the incremental gas cost to serve the applicant customer provides a rate of return on the Company's investment no greater than the most recent overall rate of return authorized by the ACC in a general rate case for the Company.

   b. All applicants will pay for the entire length of their service lines on their property. If the ICS has an allowable investment that is more than the cost of the main extension, then the excess will be applied evenly to all applicants to reduce their cost of service line installation.

   c. The Company, after conducting an ICS, may at its option, extend its facilities to Customers whose usage does not satisfy the definition of economic feasibility but who otherwise are permanent customers, provided Customer signs an extension agreement and advances as much of the cost, and/or agrees to pay a nonrefundable Facility Charge, necessary to make the extension economically feasible.

   d. Applicants may provide trench for service lines and/or mains to the Company's specifications and the Company costs will be reduced by an amount equal to this avoided cost in the ICS.

   e. Customers provided with line extensions using the Incremental Contribution Method shall be reviewed annually for a period of five (5) years to determine the amount of any refund, as described in Subsection B.5 below.

5. Method of Refund

   Amounts advanced by the customer(s) in accordance with this rule, less any unpaid Facility Charges, shall be refunded, without interest, in the following manner:

SECTION NO. 7
EXTENSION OF LINES
(continued)

a. Refunds of an advance shall be made for each additional separately metered permanent service connected to the main extension for which an advance was collected when an excess allowable investment is calculated by an ICS that includes the additional customers(s). The calculation will use actual usage for existing customers. Usage for future years will be estimated on actual usage adjusted for normal weather.

b. Customers adding on to an existing main covered by an extension agreement, still subject to refund, will pay the entire cost of their service line, will contribute an advance equal to the average advance, minus any refunds, provided by the existing contributors, and will be eligible for refunds of advances in subsequent annual reviews.

c. No refunds will be made for additional customers connecting to a further extension or series of extensions constructed beyond the original extension.

d. Refunds will be made annually or intermittently within the annual period at the option of the Company. Amounts to be refunded may be accumulated by the Company to a maximum of $50 per customer, or the total refundable balance if less than $50 per customer. Refunds will only be made to customers, the assignees of customers, or developers.

e. When two or more parties make a joint advance on the same extension, refundable amounts will be distributed to these parties in the same proportion as their individual percentages of the total joint advance.

f. The refund period shall be five (5) years from the date of the completion of the extension. No refunds will be made by the Company after the termination of the refund period. Any portion of the advance that remains unrefunded at the end of the refund period shall remain the property of the Company.

g. Any assignment by a customer of their interest in any part of an advance, which at the time remains unrefunded, must be made in writing and approved by the Company.

h. Amounts advanced under a gas main extension rule previously in effect will be refunded in accordance with the provisions of that rule.

C. Service and Main Extensions to Service Individually Metered Subdivisions, Tracts, Housing Projects, Multi-Family Dwellings and Mobile Home Parks or Estates

1. Advances

a. Gas distribution service and main extensions to and within individually metered subdivisions, housing projects, multi-family dwellings and mobile home parks or estates will be constructed, owned and maintained by the Company in advance of applications for service by bona fide customers only when the entire estimated cost of such extensions as determined by the Company, is advanced to the Company, and a main extension contract is executed. This advance may include the cost of any gas facilities installed at the Company's expense in conjunction with a previous service or main extension in anticipation of the current extension.

SECTION NO. 7
EXTENSION OF LINES
(continued)

b. When a subdivider/builder/developer is building a project in consecutive phases such that each phase is constructed separately and requires separate advances, unused allowances from one phase may be applied to an outstanding advance in any other phase so long as such outstanding advance is still eligible for refund.

c. For developers who have entered into a line extension agreement and facilities have been installed and then they or some other party request subsequent reconfiguring of facilities or other changes requiring additional expenditures by the Company, these new costs will be entirely paid for with a non-refundable advance and any refunds will be made in accordance with the original agreement. No additional agreement or extension of the time for refunds will be made to cover the area piped under the original extension agreement.

d. See Subsection B.3 above for requests to serve MMP through individual residential meters if the MMP is currently or was formerly served under an MMP schedule.

e. Refunds will be made to developers as described in Subsection B.5 above.

D. General Conditions

1. Postponement of Advance

The Company, at its option, may postpone, for a period not to exceed five (5) years that portion of an advance which it estimates would be refunded under the provisions of this rule. At the end of such refund period, the Company shall collect all such amounts not previously advanced which were not then refundable. When advances are postponed, the applicant may be required to furnish to the Company evidence of the necessary approvals to commence construction and adequate financing. A surety bond satisfactory to the Company, or other Company-approved surety, may be required to assure payment of any postponed amounts at the end of the postponement period.

2. The applicants or developer will provide property location, tax identification numbers and other property information helpful to planning an extension.

3. Contracts

a. Each applicant requesting an extension in advance of applications for service will be required to execute a contract covering the terms under which the Company will install main lines in accordance with the provisions of the tariff schedules.

b. At the time service is requested, the applicant will submit a list of natural gas equipment to be used including the BTU input.

SECTION NO. 7
EXTENSION OF LINES
(continued)

4. One Service for a Single Premise

   a. The Company will not install more than one service line to supply a single premise, unless it is for the convenience of the Company or an applicant requests an additional service, and in the opinion of the Company, an unreasonable burden would be placed on the applicant if the additional service were denied. When an additional service is installed at the applicant's request, the applicant shall make a nonrefundable contribution for the additional service based on the Company's estimated cost.

   b. When a service extension is made to a meter location upon private property which is subsequently subdivided into separate premises, with the ownership portions thereof divested to other than the applicant or the customers, the Company shall have the right, upon written notice, to discontinue service without obligation or liability. Gas service, as required by the applicant or customer, will be reestablished in accordance with the applicable provisions of the Company's rules.

5. Branch Services

   The Company, at its option, may install a branch service for units on adjoining premises.

6. Main Extension Agreement Requirements

   a. Upon request by an applicant for a main extension, the Company shall prepare, without charge, a preliminary sketch and rough estimate of the cost of the installation to be advanced by the applicant.

   b. Any applicant for a main extension requesting the Company to prepare detailed plans, specifications, or cost estimates may be required to deposit with the Company an amount equal to the estimated cost of preparation. The Company shall, upon request, make available within ninety (90) days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed main extension. Where the applicant authorizes the Company to proceed with the construction of the extension, the deposit shall be credited to the cost of construction; otherwise, the deposit shall be nonrefundable. If the extension is to include oversizing of facilities to be done at the Company's expense, appropriate details shall be set forth in the plans, specifications and cost estimates. Subdividers providing the Company with approved plans shall be provided with plans, specifications or cost estimates within forty-five (45) days after receipt of the deposit referred to above.

   c. Where the Company requires an applicant to advance funds for a main extension, the Company shall furnish the applicant with a copy of this rule prior to the applicant's acceptance of the Company's extension agreement.

SECTION NO. 7
EXTENSION OF LINES
(continued)

d. All main extension agreements requiring payment by the applicant shall be in writing, signed by each party and shall include the following:

(1) Name and address of applicant(s);

(2) Proposed service address(es) or location(s);

(3) Description and sketch of the requested main extension;

(4) Description of requested service;

(5) A cost estimate to include materials, labor, and other costs as necessary;

(6) Payment terms;

(7) A concise explanation of any refunding provisions, if applicable;

(8) The Company's estimated start date and completion date for construction of the main extension;

(9) A summary of the results of the Incremental Contribution analysis performed by the Company to determine the amount of advance required from the applicant for the proposed main extensions; and

(10) Each applicant shall be provided a copy of the approved main extension agreements.

7. Relocation of Services and Mains

a. When, in the judgment of the Company, the relocation of a main or service is necessary and is due either to maintenance of adequate service or the operating convenience of the Company, the Company shall perform such work at its own expense.

b. If relocation of a main or service line is due solely to meet the convenience or the requirements of the applicant or the customer, such relocation, including metering and regulating facilities, shall be performed by the Company at the expense of the applicant or the customer.

c. Relocation of facilities will be mandatory and at the customer's expense when actions of the customer restrict the Company's access to or the safety of the facility.

SECTION NO. 7
EXTENSION OF LINES
(continued)

8. Standby Service or Residential Pool Heating

No allowance will be made for equipment used for standby or emergency purposes only or for equipment used for residential pool heating under Section No. 7, Subsection B.4.

9. Temporary Service

Extensions for temporary service or for operations, which in the opinion of the Company are of a speculative character or are of questionable permanency, will require an advance for the entire cost of the facilities needed, with provision for a refund using an ICS calculated annually,, or at the termination of the temporary service.

10. Length and Location

The length of main or service required for an extension will be considered as the distance along the shortest practical and available route, as determined by the Company, from the Company's nearest permanent distribution main.

11. Service Impairment to Other Customers

When, in the judgment of the Company, providing service to an applicant would impair service to other customers, the cost of necessary reinforcement to eliminate such impairment may be included in the cost calculation for the extension.

12. Service From Transmission Lines

The Company will not tap a gas transmission main except when, in its sole opinion, conditions justify such a tap. Where such taps are made, the applicant will pay the Company the cost of the tap, and extensions from the tap will be made in accordance with the provisions of this rule.

13. Other Types of Connections

Where an applicant or customer requests a type of service connection other than standard such as curb meters and vaults, etc., the Company will consider each such request and will grant such reasonable allowance as it may determine. The Company shall install only those facilities that it determines are necessary to provide standard natural gas service in accordance with this tariff. Where the applicant requests the Company to install special facilities which are in addition to, or in substitution for, or which result in higher costs than the standard facilities which the Company would normally install, the extra cost thereof shall be borne by the applicant.

SECTION NO. 7
EXTENSION OF LINES
(continued)

14. Excess Flow Valve Installation Option

In accordance with Title 49, Section 192.383 of the Code of Federal Regulations, the installation of an excess flow valve, as defined in Rule No. 1, shall be performed by the Company on a new or replaced single residence service line at the request of a customer. The installation of an excess flow valve is not mandatory. If a customer elects this installation, the Company shall perform the installation subject to the customer assuming responsibility for all costs associated with installation, maintenance and replacement. Each customer requesting the installation of an excess flow valve will be required to execute a written agreement.

15. Exceptional Cases

In unusual circumstances, when the application of this rule appears impractical or unjust to either party, the Company or the applicant may refer the matter to the ACC for special ruling or for the approval of special conditions which may be mutually agreed upon, prior to commencing construction.

16. Taxes Associated with Nonrefundable Contributions and Advances

Any federal, state or local income taxes resulting from a nonrefundable contribution or advance by the customer in compliance with this rule will be recorded as a deferred tax and appropriately reflected in the Company's rate base. These deferred taxes will be amortized over the remaining tax life of the asset.

SECTION NO. 8
PROVISION OF SERVICE

A. Company Responsibility

1. The Company shall be responsible for the safe transmission and distribution of gas until it passes the point of delivery to the Customer.

2. The Company shall be responsible for maintaining in safe operating condition all meters, regulators, service pipe or other fixtures installed on the Customer's premises by the Company for the purpose of delivering gas to the Customer.

3. The Company may, at its option, refuse service until the Customer's pipes and appliances have been tested and found to be safe, free from leaks, and in good operating condition. Proof of such testing shall be in the form of a certificate executed by a licensed plumber or local inspector certifying that the Customer's facilities have been tested and are in safe operating condition.

4. The Company shall be required to test the Customer's piping for leaks when the gas is turned on. If such tests indicate leakage in the Customer's piping, the Company shall refuse to provide service until such time as the Customer has had the leakage corrected.

5. The Company shall be responsible for the operation and maintenance of all facilities up to the outlet of the meter installed by the Company or its authorized agent.

B. Customer Responsibility

1. Each Customer shall be responsible for maintaining in safe operating condition all Customer piping fixtures and appliances on the Customer's side of the point of delivery.

2. Each Customer shall be responsible for safeguarding all Company property installed in or on the Customer's premises for the purpose of supplying gas service.

3. Each Customer shall exercise all reasonable care to prevent loss or damage to Company property, excluding ordinary wear and tear. The Customer shall be responsible for loss of, or damage to, Company property on the Customer's premises arising from neglect, carelessness, or misuse and shall reimburse the Company for the cost of necessary repairs and replacements that arise from neglect, carelessness, or misuse.

4. Each Customer shall be responsible for payment for any equipment damage and/or estimated unmetered usage resulting from unauthorized breaking of seals, interfering, tampering, or bypassing the Company's meters.

   Each Customer shall be responsible for notifying the Company of any gas leakage identified in the Customer's or the Company's equipment.

SECTION NO. 8
PROVISION OF SERVICE
(continued)

C. Continuity of Service

1. The Company shall make reasonable efforts to supply a satisfactory and continuous level of service. However, the Company shall not be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from the following:

   a. Any cause against which the Company could not have reasonably foreseen or made provision for (such as force majeure);

   b. Intentional service interruptions to make repairs or perform routine maintenance; or

   c. Curtailment.

D. Change in Character of Service

1. When a change is made by the Company in the type of service rendered which would adversely affect the efficiency of operation or require the adjustment of the equipment of Customers, all Customers who may be affected shall be notified by the Company at least thirty (30) days in advance of the change or, if such notice is not possible, as early as feasible. Where adjustments or replacements of the Company's standard equipment must be made to permit use under such changed condition, adjustments shall be made by the Company without charge to the Customers.

E. Service Interruptions

1. The Company shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.

2. The Company shall make reasonable provisions to meet emergencies resulting from failure of service and shall issue instructions to its employees covering procedures to be followed in the event of emergencies in order to prevent or mitigate interruption or impairment of service.

3. In the event of a national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other Customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.

4. When the Company plans to interrupt service for more than four (4) hours to perform necessary repairs or maintenance, the Company shall attempt to inform affected Customers of the scheduled date and estimated duration of the service interruption at least twenty-four (24) hours in advance. Such repairs shall be completed in the shortest possible time to minimize the inconvenience to the Customers.

SECTION NO. 8
PROVISION OF SERVICE
(continued)

5. The ACC shall be notified of interruptions in service affecting the entire system or any major division of the entire system. The interruption of service and the cause shall be reported by telephone to the ACC within one (1) hour after the responsible representative of the Company becomes aware of said interruption, and shall be followed by a written report to the ACC.

F. Heat Value Standard for Natural Gas

The Company shall supply gas to its Customers with an average total heating value of not less than nine hundred (900) BTUs per cubic foot. The number of BTUs per cubic foot actually delivered through the Customer's meter will vary according to the altitude and elevation of the location where the Customer is being provided service.

G. Standard Delivery Pressure

1. The Company shall maintain a standard delivery pressure of approximately 0.25 pounds per square inch at the outlet of the Customer's meter, subject to variation under load conditions.

2. In cases where a Customer desires service at greater than standard delivery pressure, the Company may supply, at its option, such greater pressure if and only as long as the furnishing of gas to such Customer at higher than standard delivery pressure will not be detrimental to the service of other Customers of the Company. The Company reserves the right to lower the delivery pressure or discontinue the delivery of gas at higher pressure at any time upon reasonable notice to the Customer. Where service is provided at pressure higher than standard delivery pressure, the meter volumes shall be corrected to that higher pressure.

H. Construction Standards and Safety

The Company's pipelines and pipeline facilities for the transportation of gas within the State of Arizona shall conform with and be subject to the Federal Safety Standards as adopted by the United States Department of Transportation, Office of Pipeline Safety. The Company maintains and updates an Operation and Maintenance plan and an Emergency plan.

SECTION NO. 9
METER READING

A. Company or Customer Meter Reading

1. The Company may, at its discretion, allow for Customer reading of meters.
2. It shall be the responsibility of the Company to inform the Customer how to properly read the Customer's meter.
3. Where a Customer reads the meter, the Company will read the Customer's meter at least once every six (6) months.
4. The Company shall specify the timing requirements for the Customer to submit the monthly meter reading to conform to the Company's billing cycle.
5. In the event the Customer fails to submit the meter reading on time, the Company may issue the Customer an estimated bill.
6. Meters shall be read monthly on as close to the same day each month as practical.

B. Measuring of Service

1. All gas sold by the Company shall be metered, except in the case of gas sold according to a fixed charge schedule, or when otherwise authorized by the ACC.
2. When there is more than one meter at a location, the metering equipment shall be so tagged or plainly marked as to indicate the facilities being metered.
3. If and when the Company installs multiple meters or service lines to serve a single Customer for the Company's convenience, meter readings may be combined for billing purposes.

C. Customer-Requested Rereads

1. At the request of a Customer, the Company will reread that Customer's meter within ten (10) working days after such request by the Customer.
2. Any reread may be charged to the Customer at a rate on file and approved by the ACC, provided that the original reading was not in error.
3. When a reading is found to be in error, the reread shall be at no charge to the Customer.

SECTION NO. 9
METER READING
(continued)

D. *Access to Customer Premises*

The Company shall have the right of safe ingress to and egress from the Customer's premises at all reasonable hours for any purpose reasonably connected with the furnishing of service and the exercise of any and all rights secured to it by law or the rules of the ACC.

E. Customer-Requested Meter Tests

The Company shall test a meter upon Customer request and shall be authorized to charge the Customer for such meter test according to the tariff on file and approved by the ACC. However, if the meter is found to be in error by more than three percent (3%), no fee will be charged to the Customer.

SECTION NO. 10
BILLING AND COLLECTION

A. Frequency and Estimated Bills

1. The Company shall bill monthly for services rendered. Meter readings shall be scheduled for periods of not less than twenty-five (25) days or more than thirty-five (35) days.

2. If the Company is unable to read a meter on the scheduled meter read date, the Company will estimate the consumption for the billing period, giving consideration to the following factors where applicable:

   a. The Customer's usage history over previous twelve (12) months; and

   b. Weather during the billing period.

3. After the second consecutive month of estimating the Customer's bill for reasons other than severe weather, the Company will attempt to secure an accurate reading of the meter.

4. Failure on the part of the Customer to comply with a reasonable request by the Company for access to the Customer's meter may lead to the discontinuance of service.

5. Estimated bills will be issued only under the following conditions:

   a. Failure of a Customer who reads their own meter to deliver the meter reading card to the Company in accordance with the requirements of the Company's billing cycle;

   b. Severe weather conditions which prevent the Company from reading the meter; or

   c. Circumstances that make it impossible to read the meter, such as locked gates, blocked meters, and vicious or dangerous animals, etc.

6. Each bill based on estimated usage will indicate that it is an estimated bill.

B. Combining Meters - Minimum Bill Information

1. Each meter at a Customer's premises will be considered separately for billing purposes, and the readings of two (2) or more meters will not be combined unless approved by the Company.

SECTION NO. 10
BILLING AND COLLECTION
(continued)

2. Each bill for sales service will contain the following minimum information:

   a. Date and meter reading at the start of billing period or number of days in the billing period;

   b. Date and meter reading at the end of the billing period;

   c. Billed usage;

   d. Rate schedule number;

   e. Company's telephone number;

   f. Customer's name;

   g. Service account number;

   h. Amount due and due date;

   i. Past due amount;

   j. Adjustment factor, where applicable;

   k. Taxes; and

   l. The ACC address.

C. Billing Terms

1. All bills for gas service are due and payable when rendered. Any payment not received by the twentieth (20th) day from the date the bill is rendered is considered past due and may be subject to a late payment penalty charge. If the twentieth (20th) day falls on a weekend or holiday, then the past due date is extended to the next business day. The amount of the late payment penalty shall not exceed one and one-half percent (1.5%) of the delinquent bill, applied on a monthly basis.

SECTION NO. 10
BILLING AND COLLECTION
(continued)

a. For purposes of this rule, the date the bill is rendered shall be the latest of the following:

i. The date shown on the bill,
ii. Two days prior to the postmark date, or
iii. Two days prior to the mailing date.

The billing date shall not differ from the postmark or mailing date by more than two (2) days.

2. All delinquent bills for which payment has not been received within thirty (30) days from the original bill rendered date will be issued a suspension of service notice. Any delinquent payment not received within ten (10) days from the date of the suspension of service notice shall be subject to the provisions of the Company's suspension of service procedures. For Customers under the jurisdiction of a bankruptcy court, a more stringent payment or prepayment schedule may be required, if allowed by that court.

3. All payments shall be made at or mailed to the office of the Company or to the Company's duly authorized representative.

D. Applicable Tariffs, Prepayments, Failure to Receive, Commencement Date, Taxes

1. Each Customer shall be billed under the applicable tariff indicated in the Customer's application for service.

2. The Company shall make provisions for advance payment for Company services.

3. Failure to receive bills or notices which have been properly placed in the United States mail shall not prevent such bills from becoming delinquent and does not relieve the Customer of the Customer's obligations therein.

4. Charges for service commence when the service is installed and connection made, whether used or not.

E. Meter Error Corrections

1. If, after testing, any meter is found to be more than three percent (3%) in error, either fast or slow, proper correction between three percent (3%) and the amount of the error shall be made on previous readings, and adjusted bills shall be rendered according to the following terms:

SECTION NO. 10
BILLING AND COLLECTION
(continued)

a. For the period of three (3) months immediately preceding the removal of such meter from service for testing or from the time the meter was in service since last tested, but not exceeding three (3) months since the meter shall have been shown to be in error by such test.

b. From the date the error occurred, if the date of the cause can be definitely fixed.

2. No adjustment shall be made by the Company except to the Customer last served by the meter tested.

F. Nonsufficient Funds ("NSF") Checks

1. The Company shall be allowed to recover a fee, according to the tariff on file and approved by the ACC, for each instance where a Customer tenders payment for a Company service with an NSF check.

2. When the Company is notified by the Customer's bank that there are insufficient funds to cover the check tendered for service, the Company may require the Customer to make payment in cash, by money order or certified check, or by other means which guarantee the Customer's payment to the Company.

3. A Customer who tenders an NSF check shall in no way be relieved of the obligation to render payment to the Company under the original terms of the bill, nor defer the Company's provision for termination of service for nonpayment of bills.

G. Elevation/Pressure Adjustment

The Company shall, as a part of a general rate proceeding, file an adjustment factor to be applied to Customer meter recordings to adjust for differences in pressure due to elevation.

H. Deferred Payment Plan

1. The Company may, prior to termination of service, offer a deferred payment plan to qualifying residential Customers for the payment of unpaid bills for gas service.

SECTION NO. 10
BILLING AND COLLECTION
(continued)

2. Each deferred payment agreement entered into by the Company and the Customer, due to the Customer's inability to pay an outstanding bill in full, shall provide that service will not be discontinued if:

    a. The Customer agrees to pay a reasonable amount of the outstanding bill at the time the parties enter into the deferred payment agreement;

    b. The Customer agrees to pay all future bills for gas service in accordance with the billing and collection tariffs of the Company; and

    c. The Customer agrees to pay a reasonable portion of the remaining outstanding balance in installments.

3. For the purposes of determining a reasonable installment payment schedule under these Rules, the Company and the Customer shall give consideration to the following conditions:

    a. The size of the delinquent account.

    b. The Customer's ability to pay.

    c. The Customer's payment history.

    d. The length of time that the debt has been outstanding.

    e. The circumstances which resulted in the debt being outstanding.

    f. Any other relevant factors related to the circumstances of the Customer.

4. Any Customer who desires to enter into a deferred payment agreement shall establish such agreement prior to the Company's scheduled service termination date for nonpayment of bills. The Customer's failure to execute a deferred payment agreement prior to the scheduled service termination date shall not prevent the Company from terminating service for nonpayment.

5. Deferred payment agreements may be in writing and may be signed by the Customer and an authorized Company representative.

6. A deferred payment agreement may include a finance charge of one and one-half percent (1.5%) per month.

7. If a Customer does not fulfill the terms of a deferred payment agreement, the Company shall have the right to disconnect service pursuant to the Company's termination of service rules (Section No. 11 of these Rules) and, under such circumstances, it shall not be required to offer subsequent negotiation of a deferred payment agreement prior to disconnection.

SECTION NO. 10
BILLING AND COLLECTION
(continued)

I. Change of Occupancy

1. Not less than three (3) working days advance notice must be given in person at the Company's office, in writing, or by telephone to discontinue service or to change occupancy.

2. The outgoing party shall be responsible for all Company services provided and/or consumed up to the scheduled turn-off date.

SECTION NO. 11
TERMINATION OF SERVICE

A. Non-Permissible Reasons to Disconnect Service

1. The Company may not disconnect service for any of the reasons stated below:

   a. Delinquency in payment for services rendered to a prior Customer at the premises where service is being provided, except in the instance where the prior Customer continues to reside on the premises.

   b. Failure of the Customer to pay for services or equipment which are not regulated by the ACC.

   c. Nonpayment of a bill related to another class of service.

   d. Failure to pay a bill to correct a previous under-billing due to an inaccurate meter or meter failure, if the Customer agrees to pay over a reasonable period of time.

   e. The Company may not terminate residential service where the Customer has an inability to pay and:

      i. The Customer can establish through medical documentation that, in the opinion of a licensed medical physician, termination of service would be especially dangerous to the health of the Customer or to the health of a permanent resident residing on the Customer's premises;

      ii. Life-supporting equipment is used in the home that is dependent on Company service for operation of such apparatus; or

      iii. Where weather will be especially dangerous to health as defined herein or as determined by the ACC.

   f. Residential service to ill, senior citizen, or handicapped persons who have an inability to pay will not be terminated until all of the following have been attempted:

      i. The Customer has been informed of the availability of funds from various government and social assistance agencies; and

      ii. A third party previously designated by the Customer has been notified and has not made arrangement to pay the outstanding Company bill.

   A Customer utilizing the provisions of Subsection A.1.e or A.1.f above may be required to enter into a deferred payment agreement with the Company within ten (10) days after the scheduled service termination date.

   g. Failure to pay the bill of another Customer as guarantor thereof.

   h. Disputed bills where the Customer has complied with the ACC's rules on Customer bill disputes.

SECTION NO. 11
TERMINATION OF SERVICE
(continued)

B. Termination of Service Without Notice

1. The Company may not disconnect service without advance written notice except under the following conditions:

   a. The existence of an obvious hazard to the safety or health of the consumer, the general population or which imperils service to other consumers;

   b. The Company has evidence of meter tampering or fraud;

   c. There is an unauthorized resale or use of gas services that is not in accordance with the ACC's and/or the Company's rules, regulations, and tariffs; or

   d. The Customer has failed to comply with the curtailment procedures imposed by the Company during supply shortages.

2. The Company shall not be required to restore service until the conditions which resulted in the termination have been corrected.

3. The Company shall maintain a record of all terminations of service without notice. This record shall be maintained for a minimum of one (1) year and shall be available for inspection by the ACC.

C. Termination of Service With Notice

1. The Company may disconnect service to any Customer for any reason stated below, provided that the Company has met the notice requirements established by the ACC:

   a. Customer violation of any of the Company's tariffs;

   b. Failure of the Customer to pay a delinquent bill for gas service;

   c. Failure of the Customer to meet agreed upon deferred payment arrangements;

   d. Failure to meet or maintain the Company's deposit requirements;

   e. Failure of the Customer to provide the Company reasonable access to its equipment and property;

   f. Customer breach of a written contract for service between the Company and Customer; or

   g. When necessary for the Company to comply with an order of any governmental agency having such jurisdiction.

SECTION NO. 11
TERMINATION OF SERVICE
(continued)

2. The Company shall maintain a record of all terminations of service with notice. This record shall be maintained for one (1) year and shall be available for ACC inspection.

D. Termination Notice Requirements

1. The Company may not terminate service to any of its Customers without providing advance written notice to the Customer of the Company's intent to disconnect service, except under those conditions specified where advance written notice is not required.

2. Such advance written notice shall contain, at a minimum the following information:

   a. The name of the person whose service is to be terminated and the address where service is being rendered;

   b. The tariff that was violated and explanation of the violation or the amount of the bill, which the Customer has failed to pay in accordance with the payment policy of the Company, if applicable;

   c. The date on or after which service may be terminated; and

   d. A statement advising the Customer that the Company's stated reason for the termination of services may be disputed by contacting the Company at a specific address or phone number, advising the Company of the dispute and making arrangements to discuss the cause for termination with a responsible employee of the Company in advance of the scheduled date of termination. The responsible employee shall be empowered to resolve the dispute and the Company shall retain the option to terminate service after affording this opportunity for a meeting, concluding that the reason of terminating is just, and advising the Customer of his right to file a complaint with the ACC.

3. Where applicable, a copy of the termination notice will be simultaneously forwarded to designated third parties.

E. Timing of Terminations With Notice

1. The Company shall be required to give at least ten (10) days advance written notice prior to the termination date. For Customers under the jurisdiction of a bankruptcy court, a shorter notice may be provided, if permitted by that court.

2. Such notice shall be considered to be given to the Customer when a copy of the notice is left with the Customer or posted first class in the United States mail, and addressed to the Customer's last known address.

SECTION NO. 11
TERMINATION OF SERVICE
(continued)

3. If, after the period of time allowed by the notice has elapsed, the delinquent account has not been paid nor arrangements made with the Company for the payment of the bill, or in the case of a violation of the Company's rules the Customer has not satisfied the Company that such violation has ceased, the Company may terminate service on or after the day specified in the notice without giving further notice.

4. Service may only be disconnected in conjunction with a personal visit to the premises by an authorized representative of the Company.

5. The Company shall have the right, but not the obligation, to remove any or all of its property installed on the Customer's premises upon the termination of service.

F. Landlord/Tenant Rule

1. In situations where service is rendered at an address different from the mailing address of the bill or where the Company knows that a landlord/tenant relationship exists and that the landlord is the Customer of the Company, and where the landlord as Customer would otherwise be subject to disconnection of service, the Company may not disconnect service until the following actions have been taken:

    a. Where it is feasible to provide service, the Company, after providing notice as required in these rules, shall offer the occupant the opportunity to subscribe for service in the occupant's own name. If the occupant then declines to subscribe, the Company may disconnect service pursuant to the rules.

    b. The Company shall not attempt to recover payment of any outstanding bills or other charges due on the outstanding account of the landlord from a tenant. The Company shall not condition service to a tenant based on the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.

SECTION NO. 12
ADMINISTRATIVE AND HEARING REQUIREMENTS

A. Customer Service Complaints

1. The Company shall make a full and prompt investigation of all service complaints made by its Customers, either directly to the Company or through the ACC.

2. The Company shall respond to the complainant and/or the ACC representative within five (5) working days as to the status of the Company's investigation of the complaint.

3. The Company shall notify the complainant and/or the ACC representative of the final disposition of each complaint. Upon request of the complainant or the ACC representative, the Company shall report the findings of its investigation in writing.

4. The Company shall inform the Customer of the right of appeal to the ACC.

5. The Company shall keep a record of all written service complaints received and which shall contain, at a minimum, the following data:

   a. Name and address of complainant.

   b. Date and nature of complaint.

   c. Disposition of the complaint.

   d. A copy of any correspondence between the Company, the Customer, and/or the ACC.

   This record shall be maintained for a minimum period of one (1) year and shall be available for inspection by the ACC.

B. Customer Bill Disputes

1. Any Customer who disputes a portion of a bill rendered for gas service shall pay the undisputed portion of the bill prior to the delinquent date of the bill, and notify the Company's designated representative that any unpaid amount is in dispute.

2. Upon receipt of the Customer's notice of dispute, the Company shall:

   a. Notify the Customer within five (5) working days of the receipt of a written dispute notice.

   b. Initiate a prompt investigation as to the source of the dispute.

   c. Withhold disconnection of service until the investigation is completed and the Customer is informed of the results. Upon request of the Customer, the Company shall report the results of the investigation in writing.

   d. Inform the Customer of the right of appeal to the ACC.

SECTION NO. 12
ADMINISTRATIVE AND HEARING REQUIREMENTS
(continued)

3. Once the Customer has received the results of the Company's investigation, the Customer shall submit payment within five (5) working days to the Company for any disputed amounts. Failure to make full payment shall be grounds for termination of service.

C. ACC Resolution of Service and/or Bill Disputes

1. In the event a Customer and the Company cannot resolve a service and/or bill dispute, the Customer shall file a written statement with the ACC. By submitting such written notice to the ACC, the Customer shall be deemed to have filed an informal complaint against the Company.

2. Within thirty (30) days of the receipt of a written statement of Customer dissatisfaction related to a service or bill dispute, a designated representative of the ACC shall endeavor to resolve the dispute by correspondence and/or by telephone with the Company and the Customer. If resolution of the dispute is not achieved within twenty (20) days of the ACC representative's initial effort, the ACC shall hold an informal hearing to arbitrate the resolution of the dispute. The informal hearing shall be governed by the following rules:

   a. Each party may be represented by legal counsel, if desired;

   b. All such informal hearings may be recorded or held in the presence of a stenographer;

   c. All parties will have the opportunity to present written or oral evidentiary material to support the positions of the individual parties; and

   d. All parties and the ACC's representative shall be given an opportunity for cross-examination of the various parties.

   The ACC's representative will render a written decision to all parties within five (5) working days after the date of the informal hearing. Such written decision of the ACC's representative is not binding on any of the parties and the parties will still have the right to make a formal complaint to the ACC.

3. The Company may implement normal termination procedures if the Customer fails to pay all bills rendered during the resolution of the dispute by the ACC.

4. The Company shall maintain a record of written statements of dissatisfaction and their resolution for a minimum of one (1) year and make such records available for ACC inspection.

SECTION NO. 12
ADMINISTRATIVE AND HEARING REQUIREMENTS
(continued)

D. Notice by Company of Responsible Officer or Agent

1. The Company shall file with the ACC a written statement containing the name, address (business, residence and post office) and telephone numbers (business and residence) of at least one officer, agent or employee responsible for the general management of its operations as a Company in Arizona.

2. The Company shall give notice, by filing a written statement with the ACC, of any change in the information required herein within five (5) days from the date of any such change.

SECTION NO. 13
BUDGET PAYMENT PLAN

A. Residential Customers may elect to participate in the Company's Budget Payment Plan ("Plan") for payment of charges for gas service. The Plan year shall be the twelve (12) billing months ending with the Customer's July bill.

B. Upon Customer request, the Company will develop an estimate of the Customer's levelized billing for a twelve (12) month period based on:

1. The Customer's actual consumption history at the service location, which may be adjusted for weather or other known variations. If sufficient history is not available, then an estimate will be prepared based on other similar service locations and customer's anticipated load requirements; and

2. The Company's tariff schedules approved by the ACC applicable to that Customer's class of service, the estimated gas costs for the Plan year, and applicable taxes.

C. The Company shall provide the Customer with a concise explanation of how the levelized billing estimate was developed, the impact of levelized billing on a Customer's monthly bill, and the Company's right to adjust the Customer's billing for any variation between the Company's estimated billing and actual billing.

D. The Plan monthly payment shall be determined as follows:

1. For Customers starting with the August bill, make an estimate of the usage for the Plan year for this Customer at the applicable premise, calculate the bill over the Plan year as described in Subsection B above, add in the debit or credit balance from actual usage at the due date for the most recent bill, and divide by twelve (12) months. Customers with a debit balance with any portion coming from overdue amounts may be required to pay off all overdue portions of the balance before being placed on the Plan.

2. For Customers starting with the September or a later bill, use the same process as in Subsection D.1 above, but use the remaining months of the Plan year for the usage, bill estimates and the divisor to determine the monthly payment. Customers who wish to start with the December or later bills may be required to pay off any existing balance, if over $75.00, or may be excluded if they have two (2) or more bills in the last twelve (12) months that have not been paid by the billing date of the next bill.

3. The Company reserves the right to adjust the remaining monthly Plan payments of any Customer at any time if the Company's estimate of the Customer's usage and/or cost varies significantly from the Customer's actual usage and/or cost. Such review may also be initiated by the Customer. Any change resulting from such a review will be effective on a subsequent bill and no further notice is required.

SECTION NO. 13
BUDGET PAYMENT PLAN
(continued)

4. The Customer shall continue to pay the monthly Plan payment amount each month, notwithstanding the current gas service charge shown on the bill.

5. Any other charges incurred by the Customer shall be paid monthly when due in addition to the monthly Plan payment.

6. Interest will not be charged the Customer on accrued debit balances nor paid by the Company on accrued credit balances.

7. Any amount due the Company will be settled and paid at the time a Customer, for any reason, ceases to be a participant in the Plan. If an amount due to the Customer exceeds $50.00, the Customer has the option to receive a bill credit or a refund; otherwise the credit will remain as a bill credit.

8. Any Customer's participation in the Plan may be discontinued by the Company if the monthly Plan payment has not been paid on or before the billing date of the next monthly Plan payment.

9. If a Customer in the Plan shall cease, for any reason, to participate in the Plan, then the Company may refuse that Customer's re-entry in the Plan until the following August or for six (6) months, whichever is longer.

10. For those Customers being billed under the Plan, the Company shall show, at a minimum, the following information on the Customer's monthly bill:

    a. Actual consumption;

    b. Amount due for actual consumption;

    c. Levelized billing amount due; and

    d. Accumulated variation in actual versus levelized billing amount.

SECTION NO. 14
CURTAILMENT PLAN

A. The Company shall use reasonable diligence in its operations to render continuous service to all its Customers other than those Customers served under rate schedules expressly permitting interruptions of service for peak shaving purposes. If for any reason, however, the Company is unable to supply the demand for gas in any one or more of its systems, interruptions or curtailments of service shall be made in accordance with the provisions of this section. The Company shall not be liable for damages because of the operation of this section.

B. Applicability

1. The order of curtailment shall be in inverse order of the curtailment priorities set forth in Subsection C below.

2. Curtailment priorities shall apply to both sales and transportation Customers.

3. Customers being served under a discounted transportation or sales rate schedule shall be curtailed first. Customers paying the least will be curtailed first within an affected priority.

4. Each priority shall be curtailed in full before the next priority in order is curtailed.

5. When Priority 1 Customers would be curtailed due to system supply failure (either upstream capacity or supply failure), the Company is authorized to "preempt" deliveries of lower priority transportation Customers' gas and divert such supplies to the otherwise affected Priority 1 Customers. Affected transportation Customers will be curtailed to the same extent as sales Customers of the same priority. Such transportation Customers will be compensated for the preemption of their gas supply by either crediting the Customer's account with a like quantity of gas for use on a subsequent gas day, or by providing a cash payment or credit to the customer's bill at the cost of gas per unit paid by the Customer. If the gas supply of an alternate fuel-capable transportation Customer is preempted according to this provision, the Company shall provide additional compensation to such Customer for the incremental cost of using the alternate fuel, (the difference between the actual cost of using the alternate fuel and the actual cost of gas paid by the Customer for the preempted gas). Such credit shall be applied to the Company's next scheduled billing after the Customer has furnished adequate proof to the Company concerning alternate fuel costs, replacement volumes, and gas costs.

6. The installation of a cogeneration facility shall not affect the underlying end-use priority of the establishment.

7. Natural gas utilized as compressed natural gas for vehicle fuel shall be classified as a commercial end-use.

8. Application of curtailment priorities will normally be done on a scheduled basis as part of the daily gas requirement nomination and confirmation routine. Operational emergency curtailment will conform to these priorities to the extent possible and practical.

9. A transportation Customer may be curtailed to the level of actual supply scheduled for that Customer, regardless of end-use priority.

SECTION NO. 14
CURTAILMENT PLAN
(continued)

C. Priorities

Priority 1: Residential, small commercial (less than five hundred (500) therms on a peak day), schools, hospitals, police protection, fire protection, sanitation facility, correctional facility, and emergency situation uses.

Priority 2A: Essential agricultural uses as certified by the Secretary of Agriculture.

Priority 2B: Essential industrial process and feedstock uses.

Priority 2C: Large Commercial (five hundred (500) therms or more on a peak day) and storage injection requirements, industrial requirements for plant protection, feedstock, process, ignition and flame stabilization needs not specified in Priority 2B.

Priority 3A: Industrial requirements not specified in Priorities 2, 4, and 5, of less than one thousand (1,000) therms on a peak day.

Priority 3B: All industrial requirements not specified in Priorities 2, 3A, 4, and 5.

Priority 4: Industrial requirements for boiler fuel use at less than thirty thousand (30,000) therms per peak day, but more than fifteen thousand (15,000) therms per peak day, where alternate fuel capabilities can meet such requirements.

Priority 5: Industrial requirements for large volume (thirty thousand (30,000) therms per peak day or more) boiler fuel use where alternate fuel capabilities can meet such requirements.

E. In the event of isolated incidents in order to avoid hazards and protect the public, the Company may temporarily interrupt service to certain Customers without regard to priority or any other Customer classification.

F. Definitions

1. "Alternate Fuel Capability" – A situation where an alternate fuel can be utilized whether or not the facilities for such use have actually been installed.

2. "Correctional Facility Uses" – A facility, the primary function of which is to house, confine, or otherwise limit the activities of a person who has been assigned to such facilities as punishment by a court of law.

SECTION NO. 14
CURTAILMENT PLAN
(continued)

3. "Essential Agricultural Use" – Any use of natural gas which is certified by the Secretary of Agriculture as an "essential agricultural use."

4. "Essential Industrial Process and Feedstock Uses" – Means any use of natural gas by an industrial customer as process gas, or as a feedstock, or gas used for human comfort to protect health and hygiene in an industrial installation.

5. "Feedstock Gas" – Natural gas use for which alternate fuels are not technically feasible, such as in applications requiring precise temperature controls and precise flame characteristics. For the purposes of this definition, propane and other gaseous fuels shall not be considered alternate fuels.

6. "Fire Protection Uses" – Natural gas used by and for the benefit of fire fighting agencies in the performance of their duties.

7. "Flame Stabilization Gas" – Natural gas which is burned by ignitors, main gas burners, or warm-up burners for the purpose of maintaining stable combustion of an alternate fuel.

8. "Hospital" – A facility, the primary function of which is delivering medical care to patients who remain at the facility (facility includes nursing and convalescent homes). Outpatient clinics or doctors' offices are not included in this definition.

9. "Ignition Gas" – Natural gas supplied to gas ignitors in boilers to light main burners, whether the main burners are operated by gas, oil, or coal.

10. "Industrial Boiler Fuel" – Natural gas used in a boiler as a fuel for the generation of steam or electricity.

11. "Industrial Use" – Natural gas used primarily in a process which creates or changes raw or unfinished materials into another form or product, including electric power generation.

12. "Peak Day" – Maximum daily customer use as determined by the best practical method available.

13. "Plant Protection Gas" – Minimum natural gas volumes required to prevent physical harm to the plant facilities or danger to plant personnel when such protection cannot be afforded through the use of an alternate fuel. This includes the protection of such material in process as would otherwise be destroyed, but shall not include deliveries required to maintain plant production. For the purposes of this definition, propane and other gaseous fuels shall not be considered alternate fuels.

14. "Police Protection Uses" – Natural gas used by law enforcement agencies in the performance of their duties.

SECTION NO. 14
CURTAILMENT PLAN
(continued)

15. "Process Gas" – Natural gas use for which alternate fuels are not technically feasible, such as in applications requiring precise temperature controls and precise flame characteristics. For the purposes of this definition, propane and other gaseous fuels shall not be considered alternate fuels.

16. "Sanitation Facility Uses" – Natural gas use in a facility where natural gas is used to a) dispose of refuse, or b) protect and maintain the general sanitation requirements of the community at large.

17. "School" – A facility, the primary function of which is to provide instruction to regularly enrolled students in attendance at such facility. Facilities used for both educational and non-educational activities are not included under this definition unless the latter activities are merely incidental to the provision of instruction.

18. "Small Commercial Establishment" – Any establishment (including institutions and local, state, and federal government agencies) engaged primarily in the sale of goods or services where natural gas is used:

    a. in amounts of less than fifty (50) MCF on a peak day; and

    b. for purposes other than those involving manufacturing or electric power generation.

19. "Storage Injection Gas" – Natural gas injected by a distributor into storage for later use.

SECTION NO. 15
RATES AND UNIT MEASUREMENT

A. The rates and charges for gas service shall be those of the Company legally in effect and on file with the ACC.

B. All rates set forth in the Company's rate schedules are stated in therms. The term "therm" means one hundred thousand (100,000) BTU's. Unless otherwise provided by special contract, the number of therms delivered to any Customer shall be determined by measuring the volume of gas passing through that Customer's meter during the month to the nearest one hundred (100) cubic feet and multiplying that volume by an appropriate conversion factor.

C. The unit of volume for measurement of gas sold shall be one (1) cubic foot of gas at a base temperature of sixty (60) degrees Fahrenheit and a base pressure of fourteen and seventy three hundredths (14.73) pounds per square inch atmospheric ("PSIA"). The volume of gas measured shall be rounded to the nearest one hundred (100) cubic feet for any given period.

D. The atmospheric pressure will be the standard atmospheric pressure for the location.

E. The standard serving pressure shall be seven (7) inches of water pressure (4 ounces per square inch gauge) above the atmospheric pressure.

F. The standard temperature of sixty (60) degrees Fahrenheit will be used for volume determination unless stated otherwise under special contract. The Company shall retain the right, but shall not be obligated, to install temperature recording or compensating equipment as part of the measuring facilities. When such temperature recording equipment is used, the arithmetic average temperature of the gas each day, during periods of flow only, shall be used in computing the quantity of gas delivered by that day.

G. The Company, at its own option, may elect to serve a Customer at a pressure higher than the standard serving pressure. The Company shall correct such volume to the standard base pressure of fourteen and seventy three hundredths (14.73) PSIA and sixty (60) degrees Fahrenheit by the use of compensating equipment or the use of a factor. The Company retains the right to determine the method used for applying such correction. The factor used to correct the measured volume shall be in accordance with American Gas Association Report 3.

SECTION NO. 15
RATES AND UNIT MEASUREMENT
(continued)

H. A standard cubic foot for determining the heating value of gas is defined as the quantity of gas saturated with water vapor, which at a pressure of thirty (30) inches or mercury and at a temperature sixty (60) degrees Fahrenheit occupies one (1) cubic foot.

I. The therm conversion factor shall be determined each month and shall be the product of the conversion factor and the most recent heating value content available using the weighted average delivered pressure by office. The weighted average delivered pressure is derived monthly using the delivered pressure for each town code served which is reflective of each town code's elevation, weighted by the sales distribution among assigned gas distribution systems within each respective office.

SECTION NO. 16
GAS METER TESTING AND MAINTENANCE PLAN

A. General Plan

The Company will annually sample groups of meters to determine the continuing accuracy and performance of the group. Certain safe and proper standards are defined, and meters will remain in service as long as they meet these standards. This program will allow the Company to obtain all the useful service available from a meter until the meter no longer meets prescribed standards. At that time, then it is proper for the meter to be removed, tested, repaired, or retired.

This procedure is for the purpose of testing and controlling the performance of small gas meters that are two hundred fifty (250) CFH or less. The program will identify and remove meters that do not meet the standards of performance described in Subsection D below, and identify and retain in service meters that do meet or exceed the stated standards. Meters are classified into groups, samples of each group are tested annually, and groups are removed from service when they do not meet performance standards.

B. Meter Groups

1. Meters are segregated into groups on the following basis:

    a. Year last repaired or purchased;

    b. Manufacturer;

    c. Diaphragm type (leather or synthetic), when available; and

    d. Geographic district.

2. For meters repaired or purchased in a given year, the groups are established at the beginning of the next year. When a new group being established is found to contain less than one thousand (1,000) meters, this group may be combined with another group having meters of the same or similar operating characteristics. An existing group may be divided into two or more groups, if experience characteristics of part of the group are sufficiently different from the remainder of the group to warrant separate sampling of the parts.

C. Sampling

A representative random sample is selected from each group of meters. The samples are used in determining the performance of each group of meters each year. If the initial order for meter removals does not produce an adequate sample, additional meters are drawn on a random basis. These meters are combined with the original sample for determining acceptability of the group. Samples are taken annually from all groups that have been in service for ten years or longer.

SECTION NO. 16
GAS METER TESTING AND MAINTENANCE PLAN
(continued)

D. Performance Standard

The criteria for acceptability for a group to remain in service are:

1. No more than ten percent (10%) of the meters tested in the group are more than three percent (3%) fast.

2. At least eighty percent (80%) of the meters tested in the group are within +/- three percent (3%) of zero error. This results in a condition wherein a minimum of ninety percent (90%) of the meters remaining in service are either within +/- three percent (3%) or are more than three percent (3%) slow and in the Customer's favor.

E. Records

The test results for each group are kept in appropriate records that indicate the number of meters in the sample versus the test results, expressed as a percent.

F. Removal of Groups

1. A test result falling on or above the prescribed standards is satisfactory and the groups will remain in service.

2. A test falling below the prescribed standards is not satisfactory and the group will be removed from service.

3. The Company, for its convenience, may remove a group (or part of a group) even though the group meets the requirements for remaining in service.

SECTION NO. 16
GAS METER TESTING AND MAINTENANCE PLAN
(continued)

G. Annual Reports

A report of the meter performance control program will be filed annually with the ACC, which will contain the following:

1. A description of each group, showing its identification, size and composition;

2. A list of the total number of meters tested, at Company initiative or upon Customer request;

3. A detailed list of the performance results of each group, showing the number of meters in the group, the number of meters removed during the year, the number of meters not tested (dead, non-registering, damaged, etc.), the number or meters tested, the number of meters slow - minus three percent (-3%), the number of meters accurate, the percent of meters accurate, the number of meters fast - plus three percent (+3%), and the percent of meters fast;

4. A summary of results for each year of service; and

5. A summary or the overall results.

UniSourceEnergy SERVICES

UNS Gas, Inc.
Pricing Plan C-22
Large Volume Commercial Service

AVAILABILITY

In all territories served by Company at all points where facilities for gas service are available to the premise served.

APPLICABILITY

To all commercial customers whose primary business activity at the location served is not provided for under any other pricing plan and whose preceding twelve (12) month usage exceeded 120,000 therms per year. Service is supplied at one point of delivery and gas is metered through one meter unless the Company, at its sole discretion, chooses to provide service through multiple meters.

For new customers, their expected usage must exceed 120,000 therms per year.

Any customer transferring from this schedule may not return for a period of twelve (12) billing periods.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this rate schedule:

Minimum Customer Charge per month @	$85.00
Basic Cost of Service Rate per therm @ (Base cost of gas of $0.4000 per therm is included in the basic cost of service rate)	$0.5551

Purchased Gas Adjustment: The basic cost of service rate set forth above shall be increased or decreased by the amount of the purchased gas adjustment for the billing month computed in accordance with the provisions of Rider RR-1. The purchased gas adjustment enables the Company to increase or decrease the basic cost of service rate in order to pass on increases or decreases in the base cost of gas to customers.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company.

RULES AND REGULATIONS

This pricing plan is subject to all applicable laws, orders and the Company's Rules and Regulations on file with the Arizona Corporation Commission.

UniSourceEnergy SERVICES

UNS Gas, Inc.
Pricing Plan CGS-1
Competitive Gas Service

AVAILABILITY

In all territories served by Company at all points where facilities for gas service are available to the premise served.

APPLICABILITY

Applicable to natural gas use by customers that quality for service under this schedule according to either applicability Provision (1) or (2) below:

1. Customers whose annual requirements are greater than 10,000 therms and who in the Company's sole judgment have facilities capable of installing or using alternative fuels or energy to adequately serve their needs.

2. Customers whose requirements may be served by other natural gas suppliers at rates lower than the customer's otherwise applicable gas sales tariff schedule. As a condition precedent to qualifying for service under this applicability provision, the customer must establish to the satisfaction of the Company, that bypass is economically, operationally, and physically feasible.

   Any gas service rendered to customers not in conformance with the provisions of this schedule shall be billed at a rate equivalent to the otherwise applicable gas sales pricing plan.

RATE

The maximum service charge is the charge under the customer's otherwise applicable gas sales pricing plan.

Unless otherwise provided, the commodity charge per therm shall be determined in accordance with Condition No. 2 defined below. In no event shall the commodity charge per therm be less than the "floor" cost of gas, which is defined as the sum of (1) the weighted average commodity cost of gas purchased by the Company for system supply during the month, (2) the applicable upstream pipeline capacity charge, and (3) an amount to reflect distribution system shrinkage.

For customers qualifying for service, and if the Company is unable to serve such customer utilizing the "floor" cost of gas as set forth above, a Special Gas Procurement Agreement shall be executed and filed with the Arizona Corporation Commission ("ACC"), and the commodity charge per therm shall be determined in accordance with Condition No. 3 defined below.

With the exception of gas sales provided for under Condition No. 3, the Company shall account for sales under this pricing plan using the "floor" cost of purchased gas.

SUPPLIER REFUNDS

If, as a result of any final Order of the FERC or the ACC that is no longer subject to judicial review, the Company receives a refund from any of its upstream pipeline transporters or suppliers which is applicable to gas sales made under this Competitive Gas Service Pricing Plan, the Company shall allocate such refund to its customers based on the terms billed during the refund period. The amount allocated to the customers served under this pricing plan shall be used to reduce such customer's gas costs.

CONDITIONS

1. Any qualified customer taking service under this Rate Schedule shall do so by agreement.

2. The commodity charge per therm may vary from customer to customer based on value of the service and on the customer's ability to change from one energy source to another, and may be revised from time to time as costs and conditions change. In no event shall the commodity charge per therm charged to the customer, excluding gross revenue taxes, exceed the commodity charge per therm that would have been charged under the customer's otherwise applicable gas sales pricing plan, adjusted to exclude any surcharge to amortize the balance in the Gas Cost Balancing Account.

3. A Special Gas Procurement Agreement under this schedule is defined herein as an agreement between the Company and an applicable customer, which enumerates the provisions whereby the Company will procure specific supplies of gas for the customer. The commodity charge per therm for Special Gas Procurement Agreement customers may vary depending on the terms and conditions of the Agreement, but in no event shall be less than the variable cost of gas procured from suppliers on behalf of the customer. A sole and separate accounting of gas purchases and sales made under Special Gas Procurement Agreements shall be maintained by the Company. The cost of gas purchases made for such customers will be excluded from the Purchased Gas Adjustment Provision. However, the Company shall credit to Account No. 191, Unrecovered Purchased Gas Costs, all upstream pipeline capacity charges collected from the customer. (Note: Upstream pipeline capacity charges will be priced at market-based rates.)

4. All customers that qualify for service under this schedule because of alternate energy capability must be capable of installing adequate alternate energy facilities of equivalent capacity to those natural gas facilities served hereunder. These facilities are subject to Company inspection and verification of operating capacity and capability.

5. Any customer served under this schedule who returns to an otherwise applicable gas sales pricing plan shall be billed at the then currently effective pricing plan.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company.

RULES AND REGULATIONS

This pricing plan is subject to all applicable laws, orders and the Company's Rules and Regulations on file with the Arizona Corporation Commission.

UniSourceEnergy SERVICES

UNS Gas, Inc.
Pricing Plan CNG-1
Compressed Natural Gas Service
(Separately Metered)

AVAILABILITY

In all territories served by Company at all points where facilities for gas service are available to the premise served.

APPLICABILITY

Service under this pricing plan is available to any customer where the customer purchases natural gas to be used as a motor fuel. Service will be separately metered. This rate may include compression by the Company beyond normal meter sales pressure.

RATE

Customer Charge: For customers using Compressed Natural Gas for only their own vehicle(s), the customer charge is that from the otherwise applicable rate. For all others, it is $30.00 per meter per month.

Basic Cost of Service Rates: The rate will be determined by a contract between the Company and the customer. In no case will the rate be lower than the Company's cost of gas, as determined by the most recent Purchased Gas Adjustment proceeding, nor will it be higher than 150% of the equivalent cost of premium gasoline.

Purchased Gas Adjustment: The basic cost of service rate set forth above shall be increased or decreased by the amount of the purchased gas adjustment for the billing month computed in accordance with the provisions of Rider RR-1. The purchased gas adjustment enables the Company to increase or decrease the basic cost of service rate in order to pass on increases or decreases in the base cost of gas to customers.

CONDITIONS

1. This rate does not include any road use fees or permits.

2. Customer must provide an affidavit to the Company certifying that the gas delivered will be used as motor fuel.

3. Compressor stations are subject to inspection by qualified Company personnel.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company.

RULES AND REGULATIONS

This pricing plan is subject to all applicable laws, orders and the Company's Rules and Regulations on file with the Arizona Corporation Commission.

UniSourceEnergy SERVICES

UNS Gas, Inc.
Pricing Plan EC-1
Electrical Cogeneration Service

AVAILABILITY

In all territories served by Company at all points where facilities for gas service are available to the premise served.

APPLICABILITY

Service under this pricing plan is available to any customer who enters into a contract with the Company to use natural gas for the purpose of cogeneration. Cogeneration is defined as the use of thermal energy to produce electricity with recapture of by-product heat in the form of steam, exhaust heat, etc. for industrial process use, space heating, food processing, or other purposes.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this rate schedule:

Minimum Customer Charge per month @	$85.00
Basic Cost of Service Rate per therm @ (Base cost of gas of $0.4000 per therm is included in the basic cost of service rate)	$0.4488

Purchased Gas Adjustment: The basic cost of service rate set forth above shall be increased or decreased by the amount of the purchased gas adjustment for the billing month computed in accordance with the provisions of Rider RR-1. The purchased gas adjustment enables the Company to increase or decrease the basic cost of service rate in order to pass on increases or decreases in the base cost of gas to customers.

CONDITIONS

1. Gas taken under this pricing plan shall be used exclusively for the purpose of cogeneration as defined in the Applicability section of this pricing plan and not for other purposes. The gas taken under this pricing plan will be separately metered.

2. This rate will not be available for standby use.

3. For the purpose of this rate, the annual load factor must be 60% or greater. The annual load factor is defined as the customer's total annual consumption divided by the customer's peak month consumption times twelve. If less than a 60% load factor occurs for a twelve (12) month period, the rate charged will be the rate that the customer would otherwise be served under for the months in which the annual load factor did not equal 60%.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company.

RULES AND REGULATIONS

This pricing plan is subject to all applicable laws, orders and the Company's Rules and Regulations on file with the Arizona Corporation Commission.

UniSourceEnergy SERVICES

UNS Gas, Inc.
Pricing Plan I-30
Small Volume Industrial Service

AVAILABILITY

In all territories served by Company at all points where facilities for gas service are available to the premise served.

APPLICABILITY

To all customers whose gas usage does not exceed 120,000 therms per year, who are served through a single meter, and whose primary business activity at the location served is included in one of the following classifications of the Standard Industrial Classification Manual of the U.S. Government:

Division B – Mining: All Major Groups;
Division D – Manufacturing: All Groups; and
Division E – Company: Power Generation only.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this rate schedule:

Minimum Customer Charge per month @	$11.00
Basic Cost of Service Rate per therm @ (Base cost of gas of $0.4000 per therm is included in the basic cost of service rate)	$0.6122

Purchased Gas Adjustment: The basic cost of service rate set forth above shall be increased or decreased by the amount of the purchased gas adjustment for the billing month computed in accordance with the provisions of Rider RR-1. The purchased gas adjustment enables the Company to increase or decrease the basic cost of service rate in order to pass on increases or decreases in the base cost of gas to customers.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company.

RULES AND REGULATIONS

This pricing plan is subject to all applicable laws, orders and the Company's Rules and Regulations on file with the Arizona Corporation Commission.

UniSourceEnergy SERVICES

UNS Gas, Inc.
Pricing Plan I-32
Large Volume Industrial Service

AVAILABILITY

In all territories served by Company at all points where facilities for gas service are available to the premise served.

APPLICABILITY

To all customers whose gas usage over the preceding twelve (12) months exceeded 120,000 therms per year, and whose primary business activity at the location served is included in one of the following classifications of the Standard Industrial Classification Manual of the U.S. Government:

Division B – Mining: All Major Groups;
Division D – Manufacturing: All Groups; and
Division E – Utility: Power Generation only.

Service is supplied at one point of delivery and gas is metered through one meter unless the Company, at its sole discretion, chooses to provide service through multiple meters.

For new customers, their expected usage must exceed 120,000 therms per year.

Any customer transferring from this schedule may not return for a period of twelve (12) billing months.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this rate schedule:

Minimum Customer Charge per month @	$85.00
Basic Cost of Service Rate per therm @ (Base cost of gas of $0.4000 per therm is included in the basic cost of service rate)	$0.4864

Purchased Gas Adjustment: The basic cost of service rate set forth above shall be increased or decreased by the amount of the purchased gas adjustment for the billing month computed in accordance with the provisions of Rider RR-1. The purchased gas adjustment enables the Company to increase or decrease the basic cost of service rate in order to pass on increases or decreases in the base cost of gas to customers.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company.

RULES AND REGULATIONS

This pricing plan is subject to all applicable laws, orders and the Company's Rules and Regulations on file with the Arizona Corporation Commission.

UniSourceEnergy SERVICES

UNS Gas, Inc.
Pricing Plan IR-60
Irrigation Service

AVAILABILITY

In all territories served by Company at all points where facilities for gas service are available to the premise served.

APPLICABILITY

To all irrigation customers whose primary business activity at the location served is not provided for under any other pricing plan, who operates one or more gas-fueled engines, and gas is metered through one meter.

The Company may require that gas for engine use be separately metered and billed if necessary to prevent abuse or inequity in the application of this rate.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this rate schedule:

Minimum Customer Charge per month @	$11.00
Basic Cost of Service Rate per therm @ (Base cost of gas of $0.4000 per therm is included in the basic cost of service rate)	$0.6876

Purchased Gas Adjustment: The basic cost of service rate set forth above shall be increased or decreased by the amount of the purchased gas adjustment for the billing month computed in accordance with the provisions of Rider RR-1. The purchased gas adjustment enables the Company to increase or decrease the basic cost of service rate in order to pass on increases or decreases in the base cost of gas to customers.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company.

RULES AND REGULATIONS

This pricing plan is subject to all applicable laws, orders and the Company's Rules and Regulations on file with the Arizona Corporation Commission.

UniSourceEnergy SERVICES

UNS Gas, Inc.
Pricing Plan MISC-1
Miscellaneous Service Fees

In addition to the Pricing Plans on file and approved by the Arizona Corporation Commission for natural gas service, the following fees are also approved for the respective services listed:

Service Transfer Fee	
Transfer of service from one customer to another, when meter is not turned off, per occurrence @	$15.00
Collection Fee	
When overdue payment is collected by a Company representative at the customer's premises, per occurrence @	$20.00
Special Call Out	
When a special call-out is required, the minimum charge shall be for one hour at the Company's then prevailing after hours rate for service work on the customer's premises.	
Establishment of Service	
During regular working hours, per occurrence @	$25.00
When performed outside of regular working hours, per occurrence @	$35.00
Re-establishment, Reconnection of Service for Non-Payment	
During regular working hours, per occurrence @	$45.00
When performed outside of regular working hours, occurrence @	$55.00
Re-establishment, Reconnection of Service for Other Reasons	
During regular working hours, per occurrence @	$35.00
When performed outside of regular working hours, per occurrence @	$45.00
Customer Requested Meter Re-Reads	
When reading is correct, per occurrence @	$15.00
Customer Requested Meter Test	
When meter tests are accurate within +/- 3%, per occurrence @	$65.00
Insufficient Funds Check (NSF)	
Insufficient funds, per occurrence @	$15.00
Multiple Attempts to Connect	
When more than one failed attempt to establish service due to customer not home or facilities not ready, per occurrence @	$15.00

Regular working hours are defined as non-holiday weekdays from 8:30 AM to 4:30 PM.

UniSourceEnergy SERVICES

UNS Gas, Inc.
Pricing Plan NSP-1
Negotiated Sales Program

AVAILABILITY

In all territories served by Company at all points where facilities for gas service are available to the premise served.

APPLICABILITY

Available to all customers who receive service under the Company's T-1 pricing plan, Transportation of Customer-Secured Natural Gas, T-2 pricing plan, Transportation Service Using Dedicated Transmission Facilities, or special gas supply agreements approved by the Arizona Corporation Commission ("ACC") that meet the minimum transportation requirements under the T-1 or T-2 pricing plans.

Service under the Negotiated Sales Program ("NSP") will be the sale of natural gas to a transportation customer who has negotiated with the Company for the delivery of natural gas to the interconnection of the Company's distribution system and an upstream pipeline at the City Gate. NSP service will be firm or interruptible service at the election of the Customer.

RATE

The rates to be charged for this service shall be those negotiated between the Company and each Customer.

CONDITIONS

NSP service shall be provided subject to the provision of this pricing plan, the T-1 pricing plan and Decision No. 59399, the T-2 pricing plan, or special gas supply agreements approved by the ACC, as applicable.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company.

RULES AND REGULATIONS

This pricing plan is subject to all applicable laws, orders and the Company's Rules and Regulations on file with the Arizona Corporation Commission.

UniSourceEnergy SERVICES

UNS Gas, Inc.
Pricing Plan PA-40
Small Volume Public Authority Service

AVAILABILITY

In all territories served by Company at all points where facilities for gas service are available to the premise served.

APPLICABILITY

To all facilities operated by governmental agencies whose primary business activity at the location served is not provided for under any other pricing plan or special contract, whose usage does not exceed 120,000 therms per year when all service is supplied at one point of delivery and gas is metered through one meter.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this rate schedule:

Minimum Customer Charge per month @	$11.00
Basic Cost of Service Rate per therm @ (Base cost of gas of $0.4000 per therm is included in the basic cost of service rate)	$0.6354

Purchased Gas Adjustment: The basic cost of service rate set forth above shall be increased or decreased by the amount of the purchased gas adjustment for the billing month computed in accordance with the provisions of Rider RR-1. The purchased gas adjustment enables the Company to increase or decrease the basic cost of service rate in order to pass on increases or decreases in the base cost of gas to customers.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company.

RULES AND REGULATIONS

This pricing plan is subject to all applicable laws, orders and the Company's Rules and Regulations on file with the Arizona Corporation Commission.

UniSourceEnergy SERVICES

UNS Gas, Inc.
Pricing Plan PA-42
Large Volume Public Authority Service

AVAILABILITY

In all territories served by Company at all points where facilities for gas service are available to the premise served.

APPLICABILITY

To all facilities operated by governmental agencies whose primary business activity at the location served is not provided for under any other pricing plan or special contract. Under this pricing plan, usage over the preceding twelve (12) months must exceed 120,000 therms per year when all service is supplied at one point of delivery and gas is metered through one meter unless the Company, at its sole discretion, chooses to provide service through multiple meters.

For new customers, their expected usage must exceed 120,000 therms per year.

Any customer transferring from this schedule may not return for a period of twelve (12) billing months.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this rate schedule:

Minimum Customer Charge per month @	$85.00
Basic Cost of Service Rate per therm @ (Base cost of gas of $0.4000 per therm is included in the basic cost of service rate)	$0.5084

Purchased Gas Adjustment: The basic cost of service rate set forth above shall be increased or decreased by the amount of the purchased gas adjustment for the billing month computed in accordance with the provisions of Rider RR-1. The purchased gas adjustment enables the Company to increase or decrease the basic cost of service rate in order to pass on increases or decreases in the base cost of gas to customers.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company.

RULES AND REGULATIONS

This pricing plan is subject to all applicable laws, orders and the Company's Rules and Regulations on file with the Arizona Corporation Commission.

UniSourceEnergy SERVICES

UNS Gas, Inc.
Pricing Plan PA-44
Special Gas Light Service

AVAILABILITY

In all territories served by Company at all points where facilities for gas service are available to the facilities served.

APPLICABILITY

To all public authority customers for the operation by the Company of gas lights for streets in which gas distribution facilities are located.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this pricing plan:

Lake Havasu City

Lighting Group A per light per month @	$13.57
Lighting Group B per light per month @	$16.28
Lighting Group C per light per month @	$18.12
(Lighting Groups defined below)	
Single Orifice @	$23.72
Double Orifice @	$39.53
Triple Orifice @	$54.86
Quadruple Orifice @	$71.16

(Base cost of gas of $0.4000 per therm is included in the basic cost of service rate)

Purchased Gas Adjustment: The basic cost of service rate set forth above shall be increased or decreased by the amount of the purchased gas adjustment for the billing month computed in accordance with the provisions of Rider RR-1. The purchased gas adjustment enables the Company to increase or decrease the basic cost of service rate in order to pass on increases or decreases in the base cost of gas to customers.

CONDITIONS

The following definitions shall apply for Lake Havasu City Gas Lights:

1. Lighting Group A includes those 14 lights on McCullough Boulevard between Smoketree and Lake Havasu Avenue and those 62 lights in the Lake Havasu Mobile Trailer Parks;

   Lighting Group B includes those 316 lights on the Country Club Golf Course;

   Lighting Group C includes those 19 lights on McCullough Boulevard between Smoketree and Pima.

2. Contracts for gas lighting service under this pricing plan must be for a minimum term of five years.

3. The cost of relocation of any gas light that is requested by the customer will be reimbursed to the Company by the customer.

4. The customer is not authorized to make any connections to gas lines serving individual gas lights or make any alteration of such lights.

5. The Company will use diligence in maintaining gas lighting service and monthly bills will not be reduced because of any gas light outage.

6. Subject to terms of a special contract. Any special contracts for public authority lighting will be based on an analysis of costs of operation, maintenance, and investment. Any contracts pursuant to this pricing plan, which provide for higher rates than set forth in this pricing plan, will be filed with the Arizona Corporation Commission ("ACC") for approval.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company.

RULES AND REGULATIONS

This pricing plan is subject to all applicable laws, orders and the Company's Rules and Regulations on file with the Arizona Corporation Commission.

UniSourceEnergy SERVICES

UNS Gas, Inc.
Pricing Plan R-10
Residential Gas Service

AVAILABILITY

In all territories served by Company at all points where facilities for gas service are available to the premise served.

APPLICABILITY

Subject to availability, at point of delivery, to residential gas service in individual residences and individually metered apartments when all service is metered through one meter.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this rate schedule:

Minimum Customer Charge per month @	$7.00
Basic Cost of Service Rate per therm @ (Base cost of gas of $0.4000 per therm is included in the basic cost of service rate)	$0.7004

Purchased Gas Adjustment: The basic cost of service rate set forth above shall be increased or decreased by the amount of the purchased gas adjustment for the billing month computed in accordance with the provisions of Rider RR-1. The purchased gas adjustment enables the Company to increase or decrease the basic cost of service rate in order to pass on increases or decreases in the base cost of gas to customers.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company.

RULES AND REGULATIONS

This pricing plan is subject to all applicable laws, orders and the Company's Rules and Regulations on file with the Arizona Corporation Commission.

UniSourceEnergy SERVICES

UNS Gas, Inc.
Pricing Plan R-12
Company's Assistance Residential Energy Support (C.A.R.E.S.)

AVAILABILITY

In all territories served by Company at all points where facilities for gas service are available to the premise served.

APPLICABILITY

To gas service qualifying for billing under Residential Pricing Plan R-10 where the customer also has qualified for Pricing Plan R-12 as specified in the Company's plan for administration. All provisions of Pricing Plan R-10 will apply except as modified herein.

RATE

The monthly bill shall be in accordance with Pricing Plan R-10 except:

Basic Cost of Service Rate: first 100 therms or less per month will be discounted November through April by $0.1500 per therm.

SPECIAL CONDITIONS

1. Eligibility requirements for C.A.R.E.S. are set forth on the Company's Application and Declaration of Eligibility for Low Income Ratepayer Assistance form. Customers who desire to qualify for this pricing plan must initially make application to the Company for qualification and must obtain verification from the Arizona Department of Economic Security that the customer's household gross income does not exceed 150 percent of the federal poverty level. Qualified customers must have an approved application form on file with the Company. For each year subsequent to the initial certification, the residential customer seeking to retain eligibility for the C.A.R.E.S. must provide a personal certification that the household gross income of the residential dwelling unit involved does not exceed 150 percent of the federal poverty level.

2. Re-certification will be required prior to November 1 of each year and when a customer changes residence.

3. Eligible customers shall be billed under this pricing plan during the winter season, commencing with the next regularly scheduled billing period after the Company has received the customer's properly completed application form or re-certification.

4. Eligibility information provided by the customer on the application form may be subject to verification by the Company. Refusal or failure of a customer to provide documentation of eligibility acceptable to the Company, upon request of the Company, shall result in removal from or ineligibility for this pricing plan.

5. Customers who wrongfully declare eligibility or fail to notify the Company when they no longer meet the eligibility requirements may be rebilled for the period of ineligibility under their otherwise applicable residential pricing plan.

6. It is the responsibility of the customer to notify the Company within 30 days of any changes in the customer's eligibility status.

7. Customers with connected service to pools, spas, or hot tubs are eligible for this pricing plan only if usage is prescribed in writing by a licensed physician.

UniSourceEnergy SERVICES

UNS Gas, Inc.
Pricing Plan R-12
Company's Assistance Residential Energy Support (C.A.R.E.S.)

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company.

RULES AND REGULATIONS

This pricing plan is subject to all applicable laws, orders and the Company's Rules and Regulations on file with the Arizona Corporation Commission.

UniSourceEnergy SERVICES

UNS Gas, Inc.
Pricing Plan T-1
Transportation of Customer-Secured Natural Gas

1. APPLICABILITY

This rate schedule is available to any qualifying Customer for transportation of natural gas by the Company from existing interconnects between the Company and upstream pipelines (herein called Receipt Point) to the Delivery Point(s) on the Company's system throughout its certificated Arizona gas service territory under the following conditions:

1.1 The Company has available capacity to render the requested service without contraction of any additional facilities, except as provided by Section 7 hereof.

1.2 The Customer has demonstrated to the Company's satisfaction the assurance of natural gas supplies and third-party transportation agreements with quantities and for a term compatible with the service being requested from the Company.

1.3 The customer and the company have executed a Transportation Agreement, and the Customer is to be the End-User.

1.4 The Customer's gas to be transported is greater than 120,000 therms per year.

2. SERVICES AVAILABLE

2.1 Transportation: Service is firm and uninterrupted except for the following:

(a) Curtailment will be in accordance with the Company's curtailment priority procedures;

(b) When the Company determines it has insufficient capacity on its system or from its upstream pipeline;

(c) The Customer's gas supply to the Company is insufficient to meet its requirement.

2.2 Back-Up Service: For Customers that desire the Company to maintain upstream pipeline capacity and gas supplies when their contracted transportation gas supplies are unavailable for delivery to the Company's system. The customer may specify all, a portion, or none of its transportation contracted requirements to be under this service.

3. RATES

3.1 A discount from the following rates may be offered at the sole discretion of the Company if such discount is in the best interest of the Company and its ratepayers. The maximum amount that the Customer shall pay the Company monthly will be the sum of the following charges:

Basic Customer Charge per Month: $85.00

Volume Charge: An amount equal to the applicable unit transportation rate for each therm of Customer-secured gas metered and delivered to the Customer. The unit rates shall be as set forth in the currently effective Statement of Rates of this Arizona Gas Tariff. The volume charge will consist of the following:

(a) An amount equal to the applicable unit sales margin for each therm as set forth in the Customer's otherwise applicable sales tariff. This volume charge will cover the Company's cost of service charge as specified in the currently effective gas sales tariff but not including the gas costs specified therein. In no event will the minimum charge be less than that set forth in Item 4.1 below.

(b) An amount to reflect lost and unaccounted for gas as determined by the differential between the gas costs on a sales basis and gas costs on a purchase basis determined in the development of the currently effective Statement of Rates, Rate Rider No. RR-1 of this Arizona Gas Tariff. The Company, at its sole option, may allow lost and unaccounted for gas to be paid in kind.

(c) Any charges from upstream transporters which have not been included in the rates as described in Item 3.1 above which have been incurred by the Company and are deemed by the Company to be applicable to the transportation service rendered for the Customer under these rate schedules. Further, any special surcharges or minimum bill provisions of rates or contracts existing as of the effective date of this tariff schedule shall remain in full force and effect.

(d) Back-Up Service Reservation Rate: An amount equal to the market cost of reserving a dekatherms (DTH) of capacity on the upstream pipelines. This rate will be multiplied by the quantity of Back-Up Service requested by the Customer. This collected amount shall be credited to Account No. 191, Deferred Gas Cost Account.

(e) Back-Up Service Commodity Charge: An amount equal to the unit sales rate of the Customer's otherwise applicable gas sales tariff rate.

3.2 The charges specified for this rate schedule are subject to adjustment for the applicable proportionate part of any taxes, assessments or governmental impositions which are assessed and are not otherwise included in the Company's margin rates.

4. MINIMUM CHARGE

4.1 The minimum charge will be the Basic Customer Charge plus $0.005 per therm plus the Back-Up Service Reservation Rate, if applicable.

5. ADMINISTRATIVE PROCEDURES

5.1 Processing Requests for Transportation Service - Requests for transportation hereunder shall be made by, and shall be deemed to be complete upon, the Customer providing the following information to the Company:

(a) Gas Quantities - The Maximum Daily Quantity applicable to the receipt point and the Maximum Daily Quantity applicable to each delivery point, and estimated total quantities to be received and transported monthly over the delivery period should be stated individually in therms for each receipt point.

(b) Delivery Point(s) - Point(s) of delivery by the Company to the Customer.

(c) Term of Service -
   i. Date service requested to commence; and
   ii. Date service requested to terminate.
   iii. Minimum term for transportation service shall be twelve (12) months.

(d) Performance - A statement from the Customer certifying that the Customer has or will have title to the gas to be delivered to the Company for transportation and has entered into or will enter into those arrangements necessary to assure all upstream transportation will be in place prior to the commencement of service under a Transportation Agreement. The Customer's Agent, if any, must be named.

(e) Level of Back-Up Service - Customers not electing Back-up Service as set forth in Item 2.2 shall provide a statement to the Company certifying that: (1) the Customer has the capability to burn an alternative fuel, or (2) the Customer understands that the Company is not reserving capacity nor maintaining gas supply for the Customer's requirements in the event of interruption due to the Customer's or its Agent's failure to cause deliveries of gas supply to the Company's system to meet the Customer's requirements.

Upon receipt of all of the information specified above, the Company shall prepare and tender to the Customer for execution a Transportation Agreement. If the customer fails to execute the Transportation Agreement within thirty (30) days of the date tendered, the Customer's request shall be deemed null and void.

6. OPERATING PROCEDURES

6.1 Scheduling of Gas Receipts and Deliveries - The Customer shall be responsible for contacting the Company to arrange the scheduling of receipts and deliveries hereunder, provided, however, that the Customer may designate one (1) other party to serve as his agent for such purpose. The Customer or Customer's agent shall maintain communications with the Company dispatcher at all times to ensure the coordination of receipts and deliveries of natural gas both across the Company's Distribution System and the upstream pipeline system, In any event, the Customer or Customer's Agent shall notify the Company dispatcher at least once each day not later than 8:00 AM Mountain Standard Time as to the following:

(a) The quantities of natural gas actually delivered during the previous day at each receipt point under the Customer's Transportation Agreement with the Company with such volumes confirmed by the upstream pipeline system to the Company dispatcher.

(b) The total quantities of gas taken by the Customer during the previous day at each delivery point under the Transportation Agreement.

(c) The quantities of natural gas which the Customer expects to consume at each delivery point for the next scheduled gas flow day in accordance with the upstream pipelines nominating and scheduling provisions.

6.2 The Company may require additional information or enforce other operating procedures as deemed necessary in the Company's sole judgment, in order to coordinate gas volumes and the movement of gas through the upstream pipeline system to the Company's gas service area. These additional operating procedures may be enforced upon verbal notice to each Customer or the customer's agent with twenty-four (24) hour notice of implementation.

6.3 Balancing - Balancing of thermally equivalent volumes of gas received and delivered shall be achieved as nearly as feasible on a daily basis, taking into account the Customer's right, subject to prior Company approval, to vary receipts and deliveries across the Company Distribution System. The Customer will not vary receipts and deliveries from those amounts nominated and confirmed to the Company without the Company's prior approval. Deliveries shall be those volumes which have passed the delivery point as determined by the Company's meter. Customers shall be allowed a maximum daily delivery imbalance of plus or minus twenty-five percent % (25%) of the daily nomination or 1,370 therms, whichever is greater, (herein called daily operating window) without penalty, subject to the right of the Company upon notice to reduce such allowable daily operating window if required in its sole judgment to maintain consistency of its procedures with those of its upstream pipelines. Such notice shall be the lesser of twenty-four (24) hours or that time period imposed by the upstream pipelines. If in the Company's' sole good faith judgment, operating conditions permit, the Company will increase the daily operating window with such increase operable on a day-to-day basis. Any delivery imbalance (plus or minus) carried forward shall be considered first through the meter during the next daily or monthly period, as applicable. Subject to the determination of the Company, monthly imbalances may be carried forward only to the extent allowable by the upstream pipelines. Any balances not permitted to be carried forward will be cashed-out monthly in accordance with the applicable upstream pipeline's cash-out tariff provisions.

6.4 Adjustments - Periodically, volume adjustments may be made by the upstream pipelines or the Customer's agent. Therefore, actual daily volumes invoiced will be compared with daily nominated volumes. Should adjustments to the nominated volumes become necessary, such adjustments will be applied to the nomination for the month in which the volumes were delivered to the Customers for the purposes of determining the applicability of the provisions of this rate schedule.

6.5 Other Procedures - The Company reserves the right to impose, at any time, any reasonable operating conditions upon the transportation of the Customer's gas which the Company, in its sole good faith judgment, deems necessary to maintain the safe and efficient operation of its distribution system, or to make the operating terms and conditions of service hereunder compatible with those of its upstream pipelines.

7. PAYMENT FOR EXCESS QUANTITIES

7.1 Daily excess quantities of gas shall be charged as follows:

(a) When receipt by the Company exceeds delivery to the Customer, to the extent daily delivered volumes are not within the daily operating window, the amount which exceeds the daily operating window shall be retained by the Company free and clear of any adverse claims relating thereto. The volumes within the daily operating window shall be carried forward to the next day for delivery to the Customer.

(b) When delivery to the Customer exceeds receipt by the Company, and the Customer has contracted for sufficient Back-Up Service, the volumes delivered by the Company to the Customer exceeding the daily operating window shall be billed at the rate of the otherwise applicable gas sales tariff schedule. The volumes within the daily operating window shall be carried forward to the next day for replacement by the Customer.

(c) When delivery to the Customer exceeds receipt by the Company, and the Customer has not contracted for sufficient Back-Up Service, or Customer has been notified to interrupt and continues to take gas, such excess volumes will be billed at the rate of the otherwise applicable gas sales tariff schedule for which Customer would otherwise qualify, plus a penalty of the higher of $10.00 per DTH or any penalties and additional costs imposed by the upstream pipelines and the Company's gas suppliers.

7.2 Notwithstanding the provisions outlined in Section 7.1 above, should the Customer cease to utilize transportation service under this rate schedule, the Company may allow, in its sole good faith judgment, any remaining imbalance to be cleared as follows:

(a) When receipt by the Company exceeds delivery to the Customer, the Company shall credit the Customer for the excess quantity at a price equal to the lowest delivered system supply price paid by the Company during the prior month for gas delivered to the Company within its gas service area.

(b) When delivery to the Customer exceeds receipt by the Company, the Customer shall pay the Company for the excess quantity at the otherwise applicable gas sales tariff rate.

7.3 Under no circumstances shall Section 7.1 above be considered as giving the Customer any right to take excess quantity gas, other than as provided by Section 6.3 hereof, no shall Section 7.1 or payment thereunder be considered as a substitute for any other remedy available to the Company against the offending Customer for failure to respect its obligation to stay within its authorized quantities.

8. FACILITY ADDITIONS

8.1 Any facilities which must be installed by the Company to serve the Customer will be constructed in accordance with the Rules and Regulations as approved from time to time by the Arizona Corporation Commission ("ACC"). Telemetering facilities, if required by the Company to perform transportation service for the Customer, will be installed at Customer expense. Further, any existing special surcharges or minimum bill provisions designed to recover the cost of facilities for any Customer shall remain in effect and may serve to increase maximum allowable transportation rate levels pursuant to this tariff schedule.

9. THIRD PARTY CHARGES

9.1 The Customer shall reimburse the Company for any charges rendered or billed to the Company by its upstream pipelines and by any other upstream transporter and gas gatherers, either before or after termination of the Transportation Agreement, which the Company, in its sole good faith judgment, determines have been incurred because of the transportation of Customer's gas hereunder and should, therefore, appropriately be borne by the Customer. Such charges, whether levied in dollars or gas, may include, but shall not be limited to, standby charges or reservation fees, prepayments, applicable taxes, applicable fuel reimbursement, shrinkage, lost and unaccounted for volumes, Gas Research Institute surcharges, penalty charges and filing fees.

The Customer will reimburse the Company for all such charges incurred by the Company as rendered, irrespective of the actual quantities of natural gas delivered to the Customer.

10. CONDITIONS FOR CONVERTING TO T-1 SERVICE

Any qualified Customer converting from gas sales service to service under this rate schedule is subject to the following conditions and requirements:

10.1 Conversion to T-1 service will occur as of the beginning of the first calendar month following the end of five (5) days after receipt of the customer service change request.

10.2 Customer is subject to bill charge or credit based on the Customer's pro rata share of the balance in the Company's Gas Cost Adjustment Bank, calculated as follows:

(a) Starting from the later of the month of initiation of gas sales service by the Customer, or the date of initiation of the current Gas Cost Adjustment bank, through the last month of sales service, the Customer's actual therm usage will be multiplied, on a month-by-month basis, by the difference between the Company's actual commodity cost per therm and the Gas Cost component of the Base Tariff Sales Service Rate adjusted for any Gas Cost Adjustment and Gas Cost Surcharge that may be in effect from time to time;

(b) The sum of these monthly calculated values equals the Customer's charge or credit due for conversion to service under this rate schedule;

(c) Customer charge or credit will be paid in twelve (12) equal monthly payments, including interest equal to the carrying charge rate applicable to the Gas Cost Adjustment bank at the time of conversion to service under this rate schedule.

10.3 If a Customer converts back to a rate schedule for gas sales service while the Gas Cost Surcharge existing at the time of the switch to T-1 service is still in effect, such Surcharge will not be applicable to the Customer's billed usage for the period it remains in effect. However, any future Gas Cost Surcharge that may be put into effect will be applicable to the Customer's billed usage.

11. CONDITIONS

11.1 Subject in all respects to all applicable laws and to the Rules and Regulations of the ACC from time to time in effect.

11.2 Transportation of Customer owned natural gas hereunder shall be limited to natural gas of equal or higher quality than natural gas currently available from the Company's supplier(s). All gas delivered by the Company to the Customer shall be deemed to be the same quality as that gas received by the Company for transportation.

11.3 With respect to the Company's capacity to deliver gas at any particular time, the curtailment priority of any Customer served under this schedule shall be the same as the curtailment priority established for other Customers served pursuant to the Company's rate schedule which would otherwise be available to such Customer.

UniSourceEnergy SERVICES

UNS Gas, Inc.
PPS-1
Pricing Plans Summary

Pricing Plan Number	Rate Description	Therm Use Limits	Effective Date	Customer Charge	Margin	Gas Cost	Basic Cost of Service Rate	ACC Approving Decision No.
R-10	Residential Gas Service		8/11/03	$7.00	$0.3004	$0.4000	$0.7004	Decision No. 66028
R-12	C.A.R.E.S.		8/11/03	$7.00	$0.1504	$0.4000	$0.5504	Decision No. 66028
C-20	Small Volume Commercial Service	< = 120,000 therms	8/11/03	$11.00	$0.2420	$0.4000	$0.6420	Decision No. 66028
C-22	Large Volume Commerical Service	> 120,000 therms	8/11/03	$85.00	$0.1551	$0.4000	$0.5551	Decision No. 66028
I-30	Small Volume Industrial Service	< = 120,000 therms	8/11/03	$11.00	$0.2122	$0.4000	$0.6122	Decision No. 66028
I-32	Large Volume Industrial Service	> 120,000 therms	8/11/03	$85.00	$0.0864	$0.4000	$0.4864	Decision No. 66028
PA-40	Small Volume Public Authority Service	< = 120,000 therms	8/11/03	$11.00	$0.2354	$0.4000	$0.6354	Decision No. 66028
PA-42	Large Volume Public Authority Service	> 120,000 therms	8/11/03	$85.00	$0.1084	$0.4000	$0.5084	Decision No. 66028
PA-44	Special Gas Light Service		8/11/03		Various			Decision No. 66028
IR-60	Irrigation Service		8/11/03	$11.00	$0.2876	$0.4000	$0.6876	Decision No. 66028
CGS-1	Competitive Gas Service	> 10,000 therms	8/11/03		Negotiated			Decision No. 66028
CNG-1	Compressed Natural Gas Service		8/11/03	various			N/A	Decision No. 66028
EC-1	Electric Cogeneration Service		8/11/03	$85.00	$0.0488	$0.4000	$0.4488	Decision No. 66028
MISC-1	Miscellaneous Service Fees		8/11/03		Various			Decision No. 66028
NSP-1	Negotiated Sales Program		8/11/03		Negotiated			Decision No. 66028
T-1	Transportation of Customer-Secured Natural Gas	> 120,000 therms	8/11/03	Otherwise applicable base rates less embedded gas costs				Decision No. 66028
RR-1	Purchased Gas Adjustment		8/11/03					Decision No. 66028

UniSourceEnergy SERVICES

UNS Gas, Inc.
Rider RR-1
Purchased Gas Adjustment (PGA)

APPLICABILITY

To all Company pricing plans, unless otherwise specified.

CHANGE IN RATE

Sales rate schedules include a specified level of embedded gas costs in their Basic Cost of Service Rate that result in a system average base cost of gas of $0.40 per therm. In accordance with Decision Nos. 61225 and 62994, issued by the Arizona Corporation Commission ("ACC"), a monthly adjustment to the base cost of gas will be made through a change in the Purchased Gas Adjustment ("PGA") rate, based on the rolling twelve (12) month average of actual purchased gas costs and sales. The ACC has banded the PGA rate change so that the new PGA rate calculated for the month cannot be more than $0.10 per therm different than the PGA rate in effect during any of the preceding twelve (12) months, unless authorized by the ACC. The ACC has authorized a rate of $0.15 per therm for a period of twelve consecutive months, beginning with the first calendar month after ACC approval of Decision No. 66028. At the end of the twelve consecutive months, the PGA rate shall revert to the previous $0.10 per therm over twelve months limitation. Additional requirements are stated below.

BANK BALANCE

The Company shall maintain an account to assure that it will neither over nor under collect, except to the extent authorized, as a result of adjustment in rates determined under the operation of this tariff. Entries shall be made monthly to reflect the amounts paid to suppliers for gas as recorded in the FERC series of accounts numbered 800 through 806, less the Base Cost of such gas (adjusted volumes multiplied by the Base Price) and revenues produced by the operation of this tariff and any other refunds or payments authorized by the ACC. Interest will be applied to over and under collected bank balances based on the non-financial three (3) month commercial paper rate for each month, contained in the Federal Reserve Statistical Release, G-13, or its successor publication.

MONTHLY INFORMATION FILINGS

Each month, the Company shall make a cost of gas information filing that shall include gas volumes and costs by supply source, supplier refunds, credits, billing adjustments, and lost and unaccounted for gas. Each filing shall include monthly sales revenues, volumes, and number of customers by class. The filing should also include historical summaries of actual twelve (12) month purchase gas volumes, costs and sales activity to support the computation of the monthly PGA rate, in the format required by Decision Nos. 61225 and 62994.

ADDITIONAL REQUIREMENTS

A special PGA review is required if the PGA bank balance reaches an over or under collection in the amount of $4,450,000. The Company must file an application for an adjustment within forty-five (45) days of completing the Monthly Informational filing that illustrates the threshold has been exceeded or contact the ACC to discuss why a PGA rate adjustment is not necessary at this time. If the Company elects to file for an adjustment, it will submit a request to the ACC in the form of a surcharge (increase) or surcredit (decrease) to the PGA rate. The ACC, upon review, may authorize the balance to be amortized through the surcharge/surcredit as part of the PGA for a specified period. Lost and unaccounted for gas recovery is limited to the lesser of the actual costs incurred or up to 5.00% of total annual throughput.

UniSourceEnergy SERVICES

UNS Gas, Inc.
Pricing Plan C-20
Small Volume Commercial Service

AVAILABILITY

In all territories served by Company at all points where facilities for gas service are available to the premise served.

APPLICABILITY

To all commercial customers whose primary business activity at the location served is not provided for under any other pricing plan, whose usage does not exceed 120,000 therms per year when all service is supplied at one point of delivery, and whose gas is metered through one meter.

RATE

A monthly net bill at the following rate plus any adjustments incorporated in this rate schedule:

Minimum Customer Charge per month @	$11.00
Basic Cost of Service Rate per therm @ (Base cost of gas of $0.4000 per therm is included in the basic cost of service rate)	$0.6420

Purchased Gas Adjustment: The basic cost of service rate set forth above shall be increased or decreased by the amount of the purchased gas adjustment for the billing month computed in accordance with the provisions of Rider RR-1. The purchased gas adjustment enables the Company to increase or decrease the basic cost of service rate in order to pass on increases or decreases in the base cost of gas to customers.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company.

RULES AND REGULATIONS

This pricing plan is subject to all applicable laws, orders and the Company's Rules and Regulations on file with the Arizona Corporation Commission.