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SOUTHWEST GAS CORPORATION

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Roger C. Montgomery, Vice President/Pricing

**AZ CORP COMMISSION
DOCKET CONTROL**

May 22, 2007

Docket Control Office
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007-2996

Subject: Advice Letter No. 06-11-01 (Docket No. G-01551A-06-0746)

Southwest Gas Corporation (Southwest) tenders herewith the following revisions to Advice Letter No. 06-11-01 (Docket No. G-01551A-06-0746), Southwest's filing that sought Arizona Corporation Commission approval to revise Schedule No. T-1, Transportation of Customer-Secured Natural Gas. These tariff sheets replace the tariff sheets provided in Advice Letter No. 06-11-01 in their entirety. Southwest submits to Docket Control an original and thirteen (13) copies of the following tariff sheets applicable to its Arizona Gas Tariff No. 7:

Seventh Revised A.C.C. Sheet No. 4
Fourth Revised A.C.C. Sheet No. 51
Fourth Revised A.C.C. Sheet No. 52
Fourth Revised A.C.C. Sheet No. 53
Third Revised A.C.C. Sheet No. 54
Fourth Revised A.C.C. Sheet No. 55
Third Revised A.C.C. Sheet No. 56
Third Revised A.C.C. Sheet No. 57
Second Revised A.C.C. Sheet No. 58
First Revised A.C.C. Sheet No. 58A
First Revised A.C.C. Sheet No. 59
First Revised A.C.C. Sheet No. 60
Fourth Revised A.C.C. Sheet No. 61
First Revised A.C.C. Sheet No. 62
Third Revised A.C.C. Sheet No. 63
Fourth Revised A.C.C. Sheet No. 64
Fourth Revised A.C.C. Sheet No. 65
Fifth Revised A.C.C. Sheet No. 66
Third Revised A.C.C. Sheet No. 67
Second Revised A.C.C. Sheet No. 68
Second Revised A.C.C. Sheet No. 69-76
Third Revised A.C.C. Sheet No. 108
Fourth Revised A.C.C. Sheet No. 113

Arizona Corporation Commission
DOCKETED

MAY 23 2007

DOCKETED BY 

Southwest's Advice Letter No. 06-11-01 requested Commission authorization to conform its tariff to recent changes implemented by El Paso Natural Gas Company.



Docket Control Office
Advice Letter No. 06-11-01
Page 2

Southwest is modifying its request after several meetings with its transportation customers and the Utilities Division Staff. These meetings provided the opportunity for Southwest and its customers to discuss the proposed tariff language and the reasons for the tariff changes. As a result of those discussions, Southwest and the customers agreed on minor revisions to the originally proposed tariff language. Southwest has italicized the revisions of the attached tariff pages to indicate those changes.

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By: *Roger C. Montgomery*

Roger C. Montgomery

c Mr. Robert Gray, ACC
Mr. Stephen Ahearn, RUCO

Schedule No. T-1

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS

1. AVAILABILITY

This schedule is available to any customer for transportation of natural gas by the Utility from an existing interconnection between the Utility and its upstream interstate pipeline suppliers (herein called Receipt Point) to the Delivery Point(s) on the Utility's system under the following conditions:

- 1.1 The Utility has available capacity to render the requested service without construction of any additional facilities, except as provided by Section 8 hereof;
- 1.2 The customer has demonstrated to the Utility's satisfaction in accordance with Section 6.8(d) hereof, 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 Utility. Except for customers otherwise served under Schedule No. G-55, service under this schedule is limited to: (a) customers whose average monthly requirements at one of the customer's premises on an annual basis are no less than 15,000 therms, and (b) customers whose average monthly requirements at one of the customer's premises during the months of May through September are no less than 15,000 therms. Projected transportation quantities for customers otherwise served under Schedule No. G-55 shall not be less than 50,000 therms annually at one of the customer's premises.
- 1.3 The customer and the Utility have executed a service agreement for service under this schedule. A single service agreement may provide for service to any or all of the customer's separate premises, provided that all of the premises are under common ownership.

2. APPLICABILITY AND CHARACTER OF SERVICE

This schedule shall apply to gas transported by the Utility for customer pursuant to the executed service agreement.

- 2.1 The basic transportation service rendered under this schedule shall consist of:
 - (a) The receipt by the Utility for the account of the customer of the customer's gas at the Receipt Point; and
 - (b) The transportation and delivery of gas through the Utility's system for the account of the customer.

Schedule No. T-1

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS

(Continued)

3. RATES

3.1 The customer shall pay the Utility monthly the sum of the following charges:

- (a) Basic Service Charge. The basic service charge as set forth in the currently effective Statement of Rates of this Arizona Gas Tariff for each meter included in the transportation service agreement. Customers receiving service under contract rates shall pay the basic service charge as set forth in the customer's service agreement.
- (b) Demand Charge. The monthly demand charge, if applicable, shall be the product of the demand charge rate set forth in the currently effective Statement of Rates of this Arizona Gas Tariff, multiplied by the customer's billing determinant. The billing determinant shall be equal to the customer's highest monthly throughput during the most recent 12-month period, ending the month prior to the current billing period. For new customers, the initial billing determinant shall be calculated by multiplying the customer's estimated average daily use by the number of days in the billing period.
- (c) Volume Charge. The Commodity Charge per Therm less the Monthly Gas Cost of the Currently Effective Tariff Rate as set forth in the Statement of Rates of this Arizona Gas Tariff for each meter included in the transportation service agreement, plus an amount for distribution shrinkage as defined in Rule No. 1 and set forth in the Statement of Rates, Sheet No. 13 of this Arizona Gas Tariff. The amount collected for distribution shrinkage shall be recorded in the Gas Cost Balancing Account.
- (d) Gas Cost Balancing Account Adjustment. For customers converting from sales service, an additional amount equal to the currently effective Gas Cost Balancing Account Adjustment will be assessed for a period of 12 months and amounts collected shall be recorded in the Gas Cost Balancing Account.
- (e) Incremental Upstream Pipeline Charges. Any incremental upstream pipeline charges or penalties incurred by the Utility as a result of a transportation customer's hourly or daily burn differing from its upstream interstate pipeline rights, will be included on the customer's bill for service. All such amounts collected from customers will be credited to the Gas Cost Balancing Account.
- (f) Imbalance charges as specified in Section 7 of this schedule.

Schedule No. T-1

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS

(Continued)

3. RATES (Continued)

The Utility may adjust from time to time the applicable unit transportation rate to any individual customer, provided, however, that such adjusted rate shall not exceed the applicable charges as specified in Section 3.1 above.

In addition to the above charges and any applicable imbalance charges, the Utility shall include on the customer's bill any charges from upstream pipeline transporters or suppliers which have been incurred by the Utility because of the transportation service rendered for the customer under this schedule.

3.2 Any customer served under this schedule who requests service under a sales schedule will be permitted to change schedules to the extent that the Utility is able to procure additional gas supply and upstream pipeline resources and services to serve the customer's incremental sales volumes. Upon switching from transportation to sales service, the customer's gas cost component of the customer's commodity charge per therm will be determined as follows:

(a) Any customer served under this schedule who switches to a gas sales schedule will be billed the higher of the following charges for the gas cost component of the customer's commodity charge per therm for a period of 12 months:

(1) The Monthly Gas Cost component of the currently effective tariff rate contained in the customer's applicable sales schedule as stated in the Statement of Rates; or

(2) The incremental cost of gas procured by the Utility to serve the customer's additional sales volumes, including upstream interstate pipeline charges,

(b) Customers electing to return to sales service may be charged all, or a portion of the cost of any upstream pipeline resources incurred by the Utility to provide such service.

Exclusive of any charges pursuant to Section 3.2 (b) above, after the conclusion of the initial 12-month period of receiving sales service, the customer shall be billed at the Currently Effective Tariff Rate.

3.3 The charges specified for this schedule are subject to adjustment for the applicable proportionate part of any taxes, assessments or governmental impositions assessed on the Utility.

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Schedule No. T-1

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS
(Continued)

4. MINIMUM CHARGE

The minimum charge per month is the basic service charge per month per meter and the demand charge per month per meter, if applicable.

5. FORCE MAJEURE

5.1 Relief From Liability: Neither party shall be liable in damages to the other on account of "force majeure" occasioned by any act, omission or circumstances occasioned by or in consequence of any act of God, strikes, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, depletion of or temporary failure of gas supply, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated or not, and not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Failure to settle or prevent any strikes or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within the control of the party claiming suspension.

5.2 Liabilities Not Relieved: Neither the customer nor the Utility shall be relieved from liability in the event of its concurring negligence or failure on its part to use due diligence to remedy the force majeure and remove the cause with all reasonable dispatch, nor shall such causes or contingencies affecting performance of any agreement relieve either party from its obligations to make payments when due in respect of gas theretofore delivered.

6. OPERATING PROCEDURES

6.1 Nominating and Scheduling of Gas Receipts and Deliveries: NAESB guidelines will be followed regarding nominating, confirming and scheduling gas receipts and deliveries as they may be revised by the FERC from time to time. The customer shall be responsible for contacting the Utility and the upstream interstate pipeline(s) to arrange for the nominating and scheduling of receipts and deliveries hereunder, provided, however, that the customer may designate one party to serve as its Agent for such purpose. In the event the customer is receiving Title Assignment service, such contact shall be made to the Utility. The Utility and upstream interstate pipeline(s) require that specific information be provided to successfully process each nomination. It is the customer's or their Agent's responsibility to satisfy both the utility's and the pipeline's information requirements.

Schedule No. T-1

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS
(Continued)

6. OPERATING PROCEDURES (Continued)

- (c) Intraday Nominations will replace existing Standing Nominations only for the duration of the flow day requested.
- (d) Balancing quantities nominated under the provisions of Section 6.9 herein as well as any gas to be scheduled under the Title Assignment provisions of the Special Supplementary Tariff — Interstate Pipeline Capacity Services Provisions must be separately identified in the Nomination. The Utility shall determine and notify the customer if there is sufficient operating flexibility to schedule such quantities. The Utility will only accept balancing and Title Assignment quantities for Cycle 1 Nominations.
- (e) Nominations for multiple customer premises must specify the quantity of gas to be scheduled at each of the Utility's receipt points with its upstream interstate pipeline(s). The customer or Agent must specify, prior to the flow day, the method to be used by the Utility for allocating imbalances among individual customers. If the allocation method is not specified prior to the flow day, the Utility will allocate any imbalances pro rata from the Cycle 1 Nomination.

6.2 Limitation Upon the Utility's Transportation Obligations: Customer shall cause deliveries into the Utility's system of volumes to be transported hereunder to be made at approximately a uniform rate. On any operating day, the Utility may refuse to accept quantities of gas that result in fluctuations in excess of 20 percent from the volumes transported during the previous operating day. Fluctuations in excess of 20 percent shall only be allowed if prior approval has been obtained from the Utility's dispatcher.

6.3 Records of Scheduled Quantities:

- (a) The Utility shall keep accurate records of the quantities of gas scheduled for transportation and any imbalances, which records shall be made available to the customer at its request. If the customer's gas is commingled with other gas at the Receipt Point or at the Delivery Point(s), the scheduling arrangements and the Utility's records shall include procedures for the division of the total quantity at such points.
- (b) On any day when a customer's metered quantity differs from the sum of the customer's scheduled transportation quantity and approved imbalance adjustment, the difference shall be balanced subject to Sections 6.9 and 7 herein.

Schedule No. T-1

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS*(Continued)*6. OPERATING PROCEDURES *(Continued)*

- 6.4 Arrangements Prior to Receipt and After Delivery: It shall be the customer's obligation to make arrangements with other parties for delivery of gas into the Utility's system at the Receipt Point and for receipt of gas after transportation to the Delivery Point(s). The customer shall be obligated in such arrangements to require dispatching and operating coordination by such other parties with the Utility and access to appropriate charts and records. Such arrangements must be satisfactory to the Utility.
- 6.5 Operating Information and Estimates: Upon request of the Utility, the customer shall from time to time submit its best estimates of the daily, monthly and annual volumes of gas to be transported, including peak hour and peak day requirements, together with such other operating data as the Utility may require in order to schedule its operations.
- 6.6 Quantities: All quantities referred to in Section 6 shall be provided as MMBtus (one million British Thermal Units).
- 6.7 Deliverability: The Utility shall not be liable for its failure to deliver gas when such failure to deliver gas is due to unavailability of gas supply or interruption of third party transportation services.
- 6.8 Processing Requests for Transportation Service: Requests of transportation hereunder shall be made by, and shall be deemed to be complete upon, the customer providing the following information to the Utility:
- (a) Gas Quantities. The Maximum Hourly and Daily Quantity applicable to each Receipt Point and to each Delivery Point, and estimated total quantities to be received and transported over the delivery period must be provided for each Receipt Point and each point of delivery.
 - (b) Delivery Point(s). Point(s) of delivery by the Utility to the customer.
 - (c) Term of Service.
 - (1) Date service requested to commence; and
 - (2) Date service requested to terminate, if applicable.

Schedule No. T-1

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS

(Continued)

6. OPERATING PROCEDURES (Continued)

(1) The Utility will notify the customer(s) of any adjustments as soon as possible on the day prior to the day of gas flow; however, the Utility reserves the right to notify the customer(s) of adjustments to the daily window at any time.

(2) Notice will be provided electronically and/or by other means mutually acceptable to the Utility and the Customer. The notice will contain (1) the starting time and degree of adjustment to the daily window, (2) the anticipated duration of the adjustment to the daily window, (3) the extent and reason(s) for the adjustment. The Utility will notify the transportation customer(s) immediately upon relief from conditions requiring adjustment to the daily window.

(3) If a transportation customer's daily imbalance exceeds the adjusted daily window (excess volumes), in addition to the Utility's imbalance charges as set forth Section 7, the transportation customer(s) will be charged a pro rata share of any upstream pipeline charges and/or penalties that were incurred by the Utility for such excess volumes. Any charges collected pursuant to this provision will be credited to the Gas Cost Balancing Account. The Utility shall not assess imbalance charges more than once on the same volumes of excess deliveries.

(b) Monthly Balancing. Transportation customers are provided a monthly operating window under which the customer's cumulative daily imbalances must be within plus or minus five percent ($\pm 5\%$) of the month's total of daily scheduled transportation quantities, including any Utility-approved imbalance adjustment quantity, or 1,500 therms, whichever is greater.

6.10 Adjustments: Periodically, volume adjustments may be made by Upstream Interstate Pipeline Suppliers or the customer's Agent. In such instances, the daily quantities invoiced will be compared with the customer's daily scheduled transportation quantities. Should adjustments to the customer's scheduled transportation quantities become necessary, such adjustments will be reflected in the month in which the quantities were actually scheduled for purposes of administering this schedule.

Schedule No. T-1

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS

(Continued)

6. OPERATING PROCEDURES (Continued)

6.13 Operational Curtailment: (Continued)

- (b) The Utility shall endeavor to provide notice of such operational curtailment 48 hours prior to the commencement of the applicable gas daily.
- (c) Notwithstanding condition (b), the Utility may impose an operational curtailment on the current gas day. In the event an operational curtailment is imposed on the current gas day, a minimum one-hour grace period will be allowed before penalties begin to apply.
- (d) A customer will not be charged for incremental upstream pipeline charges or penalties incurred by the Utility as a result of the customer's compliance with a notice of operation curtailment.

7. TRANSPORTATION IMBALANCE SERVICE

The Utility will provide an Imbalance Service for individual customers when their monthly metered quantities differ from the sum of the monthly scheduled transportation quantities to the Utility's system, plus any Utility-approved imbalance quantities. The Imbalance Service provided hereunder has two components: an Imbalance Trading Service and Payment for Excess Imbalances.

7.1 Imbalance Trading:

- (a) The Imbalance Trading Service will be facilitated through the Utility's electronic bulletin board (Southwest Vista). Customers taking service under this schedule may trade their imbalances with other customers served under this schedule. The customer's cumulative monthly imbalances will be stated on an imbalance report provided separately from the monthly bill. The imbalance report will serve as notice of current imbalances. Imbalance trading is allowed for monthly imbalances only. No trades of daily imbalances will be allowed. Only those imbalances occurring in the same time period are eligible for trading. Beginning at 8:00 a.m. Mountain Clock Time on the tenth calendar day of the month following notification, customers may enter Southwest Vista to post available imbalances. The trading period will end at 5:00 p.m. Mountain Clock Time on the twenty-fifth calendar day of the month. If the twenty-fifth falls on a weekend or holiday, the trade period will close the following business day.

Schedule No. T-1

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS

(Continued)

7. TRANSPORTATION IMBALANCE SERVICE (Continued)

7.1 Imbalance Trading: (Continued)

- (b) Trading of imbalance quantities may not reduce a customer's monthly imbalance beyond a zero imbalance level. A customer may not trade to establish an imbalance in the opposite direction of the customer's original imbalance.
- (c) Once customers have agreed on the terms of a trade, both parties must complete, and send to the Utility by facsimile, a copy of the Imbalance Trading Request Form (Form No. 879.0). The Utility will then validate the trade and adjust the participants' accounts. The Imbalance Trading Request Form must be received by the Utility within twenty-four (24) hours of the close of the trading period. No confirmation of an imbalance trade will be made until signed (hard copy) forms are received via mail or facsimile from both parties. The customer is solely responsible to monitor Southwest Vista to confirm whether the trade is validated.
- (d) After the imbalance trading period, excess imbalance charges (see Sections 7.2 and 7.3) will be applied to all imbalance quantities in excess of the applicable monthly operating window.
- (e) Cumulative imbalances for customers with multiple meters under a single transportation service agreement will be determined by subtracting the customer's aggregated metered volume, including the effect of any adjustment for cycle billing, from the total volume scheduled under the customer's service agreement. Imbalances will be allocated between the customer's meters based on metered volumes, including the effect of any adjustment for cycle billing. Customers with multiple meters will not be allowed to trade imbalances based on individual meters or sales accounts.
- (f) The customer is solely responsible for contacting other transportation customers to explore opportunities for trading imbalances.
 - (1) Southwest assesses its transportation volume charges based on the transportation billing quantities, adjusted for any volumes traded pursuant to this section.
 - (2) It is the customer's sole responsibility to consider all gas supply, interstate and intrastate cost impacts when transacting imbalance trades.

Schedule No. T-1

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS
(Continued)

8. FACILITY ADDITIONS

All customers requesting transportation service are required to have hourly flow measurement, recording and communication equipment installed at the customer's expense for each meter location at which the customer desires to receive transportation service under this schedule. *Meter locations with average daily requirements of 500 therms or more are required to have telemetering equipment installed at the customer's expense.*

9. THIRD PARTY CHARGES

The customer shall reimburse the Utility for any charges rendered or billed to the Utility by its upstream interstate pipeline suppliers and by any other upstream pipeline transporters, suppliers or gas gatherers, either before or after termination of the service agreement, which the Utility, in its sole good faith opinion, 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, surcharges, penalty charges and filing fees. The customer will reimburse the Utility for all such charges incurred by the Utility as rendered, irrespective of the actual quantities of natural gas delivered to the customer.

10. POSSESSION OF GAS AND RESPONSIBILITY

As between the Utility and the customer, the customer shall be deemed to be in control and possession of the gas until it has been delivered to the Utility for transportation at the Receipt Point. The Utility shall thereupon be deemed to be in control and possession of the gas until the gas shall have been delivered to the customer at the Delivery Point(s), after which the customer shall be deemed to be in control and possession. The customer shall have no responsibility with respect to any gas after it has been delivered to the Utility at the Receipt Point on account of anything which may be done, happen or arise with respect to said gas, until said gas is delivered to the customer at the Delivery Point(s).

The Utility shall have no responsibility with respect to said gas prior to its delivery to the Utility at the Receipt Point, or after its delivery to the customer at the Delivery Point(s), or on account of anything which may be done, happen or arise with respect to said gas prior to such receipt or after such delivery.

SOUTHWEST GAS CORPORATION

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Arizona Gas Tariff No. 7

Arizona Division

PROPOSED TARIFF SHEET

Second Revised

A.C.C. Sheet No. 69-76

Canceling

First Revised

A.C.C. Sheet No. 69-76

HELD FOR FUTURE USE

L/N

Issued On November 27, 2006

Docket No. G-01551A-04-0596

Issued by

John P. Hester
Senior Vice President

Effective _____
Decision No. 60352 T

