

SPECIAL SUPPLEMENTARY TARIFF
PURCHASED GAS COST ADJUSTMENT PROVISION

APPLICABILITY

This Purchased Gas Cost Adjustment Provision shall apply to all schedules except for Schedule Nos. G-30 and G-80 of this Arizona Gas Tariff.

CHANGE IN RATES

The Monthly Gas Cost (MGC) rate for schedules covered by this provision includes the sum of the rolling twelve-month average purchased gas (PGA) rate plus the Gas Cost Balancing Account Adjustment, if applicable. Monthly adjustments will be made to the MGC to reflect the most currently available PGA rate. In accordance with Decision No. 70665, the PGA rate included in the MGC rate cannot be more than \$.15 per therm different than any PGA rate in effect during the preceding 12 months.

BANK BALANCE

The Utility shall establish and maintain a Gas Cost Balancing Account, if necessary, for the schedules subject to this provision. Entries shall be made to this account each month, if appropriate, as follows:

1. A debit or credit entry equal to the difference between (a) the actual purchased gas cost for the month and (b) an amount determined by multiplying the Monthly Gas Cost Rate as set forth on Sheet Nos. 11 and 12 of this Arizona Gas Tariff by the therms billed during the month under the applicable schedules of this Arizona Gas Tariff.
2. A debit or credit entry for refunds or payments authorized by the Commission.
3. A debit or credit entry for interest to be applied to over- and under-collected bank balances based on the monthly one-year nominal Treasury constant maturities rate.

SOUTHWEST GAS CORPORATION

P.O. Box 98510

Las Vegas, Nevada 89193-8510

Arizona Gas Tariff No. 7

Arizona Division

Canceling 3rd Revised A.C.C. Sheet No. 88
2nd Revised A.C.C. Sheet No. 88

SPECIAL SUPPLEMENTARY TARIFF
PURCHASED GAS COST ADJUSTMENT PROVISION

(Continued)

MONTHLY INFORMATION FILINGS

Each month the Utility shall make a cost of gas informational filing with Commission Staff to include any and all information required by the Commission. Additionally, the Utility shall file revised tariff sheets that include the current month's MGC rate.

ADDITIONAL REQUIREMENTS

A special review is required if the Gas Cost Balancing Account (GCBA) reaches \$55.78 million. The Utility must file an application for a Gas Cost Balancing Account adjustment within forty-five (45) days of completing the Monthly Informational Filing that illustrates the threshold has been exceeded or contact the Commission to discuss why an adjustment is not necessary at this time. The Commission, upon review, may authorize the balance to be amortized through a predetermined rate included as part of the MGC for a specified period. Lost and unaccounted for gas recovery is limited to the lesser of the actual costs incurred or one percent (1%) of total annual purchases.

Issued On December 30, 2008
Docket No. G-01551A-07-0504

Issued by
John P. Hester
Senior Vice President

Effective December 1, 2008
Decision No. 70665