

RULE NO. 9

MAIN EXTENSIONS

Extensions of gas distribution mains necessary to furnish permanent service to applicants (including developers) will be made by the Utility in accordance with this rule.

A. GENERAL

The Utility will construct, own, operate and maintain gas distribution main extensions only along public streets, roads and highways which the Utility has the legal right to occupy, and on public lands and private property across which rights-of-way, satisfactory to the Utility, may be obtained without cost or condemnation by the Utility.

B. MAIN EXTENSIONS TO APPLICANTS FOR SERVICE

1. Gas main extensions will be made by the Utility at its expense provided the total estimated cost of the extension, less any cash or non-cash contribution in aid of construction, does not exceed the allowable investment.
2. Allowable investment, expressed as a multiple of margin, is set forth below.
 - a. Residential Customers. The allowable investment for a main extension to serve a residential customer may not exceed three (3) times margin.

See Rule No. 10B for rules governing requests to serve master-metered mobile home parks (MMP) through individual residential meters if the MMP is currently or was formerly served under a master-metered mobile home park schedule.

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RULE NO. 9

MAIN EXTENSIONS
(Continued)

B. MAIN EXTENSIONS TO APPLICANTS FOR SERVICE (Continued)

- b. Non-Residential Customers. The allowable investment for a main extension to serve a non-residential customer is not to exceed four (4) times margin.

Extensions of distribution mains and/or enlargements of existing distribution main capacities to furnish service to non-residential customers will be installed, owned and maintained by the Utility provided:

- (1) In the Utility's opinion, adequate supplies of gas are, and will continue to be, available for service.
- (2) The applicant enters into a contract to purchase gas from the Utility under the Utility's filed tariff for the uses represented to the Utility in determining the allowable investment. Such contract will also provide that if the applicant fails to take service in the amounts stated as the basis for estimating the allowable investment, the Utility may calculate and bill the customer and the customer shall pay an amount according to the Utility'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 Utility 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.

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MAIN EXTENSIONS
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B. MAIN EXTENSIONS TO APPLICANTS FOR SERVICE (Continued)

3. Main Extensions Beyond the Allowable Investment. The Utility will install that portion of each main in excess of the allowable investment upon receipt of a nonrefundable cash or non-cash contribution in aid of construction, or a refundable advance for construction equal to the estimated cost of such excess main. Any contribution in aid of construction or advance for construction may be adjusted to recover the cost of Federal Income Tax in accordance with NAC 704.6532 by the Tax Liability Factor in effect at the time the contribution or advance is taken. The Utility's Tax Liability Factors are set forth on Sheet No. 19 of this Nevada Gas Tariff.
4. Multiple Applicants. In cases where more than one applicant is to be served from the same extension, the total allowable investment therein will be considered to be the sum of the individual allowable investments. The amount to be advanced by the members of the group shall be apportioned among them in such manner as they shall mutually agree upon and as shall be acceptable to the Utility. In the absence of such an agreement, the Utility will extend its mains only on the basis of individual contracts with each applicant.
5. Method of Refund. The amount advanced by the applicant in accordance with this rule will be subject to refund, without interest, in the following manner:
 - a. A refund will be made for each additional customer connected to an extension by a service line for which all advance payments have not previously been refunded equal to the connecting customers allowable investment.
 - b. 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 advances bear to the total joint advance.

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RULE NO. 9

MAIN EXTENSIONS
(Continued)

B. MAIN EXTENSIONS TO APPLICANTS FOR SERVICE (Continued)

- c. Amounts refunded may be accumulated to a minimum of \$50 (or the total refundable balance if less than \$50); however, no refunds will be made by the Utility in excess of the amount advanced after a period of 5 years from the date of completion of the extension. Any portion of the advance in the possession of the Utility after the termination of the refund period shall remain with the Utility.
- d. 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 Utility.
- e. Amounts advanced under a gas main extension rule previously in effect will be refunded in accordance with the provisions of such rule.

C. MAIN EXTENSIONS TO SERVE INDIVIDUALLY METERED SUBDIVISIONS, TRACTS, HOUSING PROJECTS, MULTI-FAMILY DWELLINGS, AND MOBILE HOME PARKS OR ESTATES

1. Contributions and Advances

Gas distribution main extensions to and within individually metered subdivisions, housing projects, multi-family dwellings, and mobile home parks or estates will be constructed, owned, operated and maintained by the Utility in advance of applications for service by bona fide customers only when the entire estimated cost of such extensions as determined by the Utility, less any cash or non-cash contributions in aid of construction, is advanced to the Utility, and a main extension contract is executed. This advance may include the cost of any gas facilities installed at the Utility's expense in conjunction with a previous main extension in anticipation of the current extension. Any contribution in aid of construction or advance for construction may be adjusted to recover the cost of Federal Income Tax in accordance with NAC 704.6532 by the Tax Liability Factor in effect at the time the contribution or advance is taken. The Utility's Tax Liability Factors are set forth on Sheet No. 19 of this Nevada Gas Tariff.

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MAIN EXTENSIONS
(Continued)

C. MAIN EXTENSIONS TO SERVE INDIVIDUALLY METERED SUBDIVISIONS, TRACTS, HOUSING PROJECTS, MULTI-FAMILY DWELLINGS, AND MOBILE HOME PARKS OR ESTATES (Continued)

1. Contributions and Advances (Continued)

- a. 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.
- b. See Rule No. 10B for rules governing requests to serve master-metered mobile home parks (MMP) through individual residential meters if the MMP is currently or was formerly served under a master-metered mobile home park schedule.

2. Refunds

On or after 1 year subsequent to the completion of construction of the Utility's facilities, and thereafter every 6 months, the Utility will review the status of the subdivision to determine the number of lots or service locations occupied by permanent customers. Refunds, including any amounts collected to recover the cost of Federal Income Tax in accordance with NAC 704.6532, will be made based on the number of lots occupied by permanent customers at the end of each subsequent interval. The amount refunded will be based on individual end use applications connected at each permanent customer location and will be equal to a multiple of the margin as calculated by the Utility. The maximum amount refunded per customer shall not exceed the allowable investment as determined in Paragraph B of this rule and Paragraph B of Rule No. 10 combined.

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RULE NO. 9

MAIN EXTENSIONS
(Continued)

D. RESIDENTIAL AMORTIZATION PROGRAM

The Utility shall institute a residential amortization program. The program shall be available for one or more residential customers which are judged to be of a permanent and continuing nature. Pursuant to the program, main and service line extension contracts may be established to amortize that portion of an extension project's cost in excess of the Utility's allowable investment.

Amortization of the customer contribution toward a given line extension project shall be offered in those cases where all of the following criteria are satisfied:

1. There exists reasonable certainty that both the Utility's allowable investment and the amortized customer contribution can be recovered in their entirety;
2. The customer contribution toward a given line extension project represents a significant amount if paid as a lump sum and would present an undue burden upon the customer; and
3. The price of gas service, including amortization of the facilities charge, calculated on the basis of a term of 4 years, is demonstrated to be less than 75 percent of the customer's annualized alternative fuel costs.

In those instances in which service is extended to an area where 5 or less customers take service, the Utility may condition the extension on the customer agreeing to be individually obligated for their share of the cost in excess of the allowable investment.

For those customers not qualifying for an amortization program pursuant to the criteria specified above, the Utility may, at its discretion, establish a main and service line extension contract to amortize that portion of an extension project's costs in excess of the Utility's allowable investment.

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Senior Vice President

RULE NO. 9

MAIN EXTENSIONS
(Continued)

D. RESIDENTIAL AMORTIZATION PROGRAM (Continued)

The Utility will make its decision on whether to offer amortization of a project's line extension expense on a case-by-case basis considering the following criteria:

1. The magnitude of the amount of the line extension cost for which the customer is responsible;
2. The degree of certainty with which the Utility may recover the line extension costs that it permits a group of customers to amortize; and
3. The ability of the Utility to recover its allowable investment over the life of the facilities.

The amortization period of the aforementioned contract shall not exceed 5 years. The customer's contribution toward the excess line extension project shall constitute the principal of the contract. The capital costs in excess of the allowable investment shall not be treated as a component of the Utility's plant in service included in rate base either during the amortization period, or after its termination. The customer's monthly facilities charge shall be determined by dividing the contract's principal by the product of: (a) the anticipated number of months over which the customer contribution is amortized, and (b) the number of customers to be served by the line extension project. All monthly facilities charges revenue shall be used to reimburse the Utility for the capital costs in excess of the free allowance. No interest shall be applied to the principal.

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RULE NO. 9

MAIN EXTENSIONS

(Continued)

D. RESIDENTIAL AMORTIZATION PROGRAM *(Continued)*

The Utility shall submit to the Public Utilities Commission of Nevada an informational filing upon the initiation of such a project which will specify:

1. A general description of the area to be served;
2. The number of customers projected to be served;
3. The total capital costs;
4. The amount of allowable investment;
5. The customer contribution;
6. The anticipated number of months over which the customer contribution is to be amortized;
7. The amount of the surcharge to be assessed;
8. A copy of the service contract being utilized; and
9. A copy of the economic analysis which has been performed regarding the project in question.

The monthly facilities charge shall appear as a surcharge on the customer's monthly bill for service. If a customer that is a party to such a contract should disconnect service, and later reconnect at the same service address, the customer shall pay the Utility the sum of any unpaid monthly facilities charges accrued during the period of disconnection before service shall be reestablished.

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Executive Vice President

RULE NO. 9

MAIN EXTENSIONS
(Continued)

D. RESIDENTIAL AMORTIZATION PROGRAM (Continued)

The Utility may permit additional customers to enter into line extension contracts. When servicing such customers requires connection to a line extension that is already subject to such contract, such additional customers shall, in addition to any incremental connection costs, pay the monthly facilities charge provided in the contract until such contract expires. The monthly facilities charge in the final month of the amortization period shall be adjusted to account for any change in the estimated number of customers, such that the sum of charges paid over the term of the contract equals the principal. The final payment shall not exceed the level of the facilities charge assessed during the term prior to the final payment. Any excess collections shall be refunded equally to all customers of record at the time the refund is distributed.

In instances where an owner or tenant that was a party to such a line extension contract moves from a service address before expiration of the contract, a new owner or tenant requesting gas service shall be subject to the monthly facilities charge for as long as the new owner or tenant resides at that address, until such time as the contract expires.

The basic service charge and margin revenues associated with each project must be sufficient to at least cover the Federal Income Tax liability on the facilities charge revenues.

The residential amortization plan shall only be applicable to one or more direct residential customers and shall not be available to developers, contractors or other commercial entities.

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RULE NO. 9

MAIN EXTENSIONS
(Continued)

E. GENERAL CONDITIONS

1. Postponement of Advance. The Utility, at its option, may postpone that portion of an advance which it estimates would be refunded within 12 months under the provisions of this rule. At the end of such period, the Utility 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 Utility evidence of the necessary approvals to commence construction and of adequate financing. A surety bond, or other Utility approved surety, may also be required to assure payment of any postponed amounts at the end of the postponement period.
2. 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 Utility will install mains 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.
 - c. In the event that no payment is required by a customer, the required signed contract may be waived with the approval of an officer of the Utility.

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RULE NO. 9

MAIN EXTENSIONS
(Continued)

E. GENERAL CONDITIONS (Continued)

3. Service Extensions

- a. Gas service extensions required to serve an applicant shall be installed as provided in Rule No. 10.
- b. Subject to Utility approval, an applicant who would be entitled to a free service extension pursuant to Rule No. 10, but who does not require all of the free service extension for which they are eligible, may apply the amount of the unused portion of such free service extension toward the cost of the main extension; and provided further, that in no event will the total investment borne by the Utility exceed the allowable investment as provided in this rule and Rule No. 10 combined.

4. Relocation of Main

- a. When, in the judgment of the Utility, the relocation of a main is necessary and is due either to maintenance of adequate service or the operating convenience of the Utility, the Utility normally shall perform such work at its own expense.
- b. If relocation of 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 Utility 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 Utility's access to or the safety of the facility.
- d. The cost of relocations performed at the customer's expense may be adjusted to recover the cost of Federal Income Tax in accordance with Nac 704.6532 by the Tax Liability Factor in effect at the time the work is performed. The Utility's Tax Liability Factors are set forth on Sheet No. 19 of this Nevada Gas Tariff.

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MAIN EXTENSIONS
(Continued)

E. GENERAL CONDITIONS (Continued)

5. Seasonal, Intermittent or Standby Service. When an applicant will use gas service in establishments occupied seasonally or intermittently, such as seasonal resorts and cottages or other part-time establishments, one-half of the allowed investment provided in this rule will apply. No allowance will be made for equipment used for standby or emergency purposes only. No allowance will be made for pool heaters for residential customers.
6. Temporary Service. Extensions for temporary service or for operations, which in the opinion of the Utility are of a speculative character or of questionable permanency, will not be made under this rule, but will be made in accordance with Rule No. 15.
7. Length and Location. The length of main required for an extension will be considered as the distance along the shortest practical and available route, as determined by the Utility, from the Utility's nearest permanent distribution main.
8. Service Impairment to Other Customers. When, in the judgment of the Utility, 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 main extension.
9. Service From Transmission Lines. The Utility will not tap a gas transmission main except when conditions, in its sole opinion, justify such a tap. Where such taps are made, the applicant will pay the Utility the cost of such tap, and extensions therefrom will be made in accordance with the provisions of this rule.

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MAIN EXTENSIONS
(Continued)

E. GENERAL CONDITIONS (Continued)

10. Other Types of Connections. Where an applicant or customer requests a type of service connection other than standard, such as stub services, curb meters and vaults, etc., the Utility will consider each such request and will grant such reasonable allowance as it may determine. The Utility 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 Utility 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 Utility would normally install, the extra cost thereof shall be borne by the applicant.
11. Exceptional Cases. In unusual circumstances, when the application of this rule appears impractical or unjust to either party, the Utility or the applicant may refer the matter to the Commission for special ruling or for the approval of special conditions which may be mutually agreed upon prior to commencing construction.

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SOUTHWEST GAS CORPORATION
P.O. Box 98510
Las Vegas, Nevada 89193-8510
Nevada Gas Tariff No. 6

Canceling _____ First Revised P.U.C.N. Sheet No. 392
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