

Schedule No. G-50

COMPRESSION GAS SERVICE

APPLICABILITY

Service under this schedule is available to qualified Applicants requiring compressed natural gas (CNG). Compression Services will be provided by Utility ownership and operation of Compression Facilities located on Applicant's premises and will allow for the resale of CNG by qualified Applicants. Service under this Schedule is conditional upon arrangements mutually satisfactory to the Applicant and the Utility for design, location, construction, and operation of required Compression Facilities. All such arrangements will be incorporated into a Compression Services Agreement and will be separately metered.

TERRITORY

Throughout the certificated area served by the Utility in the communities as set forth on A.C.C. Sheet No. 8 of this Arizona Gas Tariff.

RATES

The charge for this service will be in addition to the charges for gas delivery service required to deliver the gas to the Applicants premise. The delivery charges are set forth in the Applicant's applicable gas sales tariff schedule or the charges set forth in the Applicant's service agreement.

The Utility and Applicant will negotiate a rate structure based on the Utility's cost of service and shall recover costs including, but not limited to, depreciation, return on capital investment, income taxes, property taxes, and operational expenses. In the event of early termination of the Compression Services Agreement, the Utility shall recover from Applicant an amount based on the Utility's unrecovered ownership and removal costs and any early termination provisions in the Applicant's Compression Services Agreement.

GENERAL REQUIREMENTS

1. **APPLICANT REQUIREMENTS.** Applicant shall provide the Utility with its compression requirements.
2. **DESIGN.** The Utility will be responsible for planning, designing, procuring, installing, and constructing the Compression Facilities according to the Utility's design, engineering and construction standards.
3. **OWNERSHIP OF COMPRESSION FACILITIES.** The Compression Facilities installed under the provisions of this Schedule shall be owned, operated, and maintained by the Utility. Applicant shall own, operate, and maintain any and all equipment and facilities beyond the point of delivery of the CNG.

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GENERAL REQUIREMENTS (Continued)

4. PLACEMENT OF COMPRESSION FACILITIES AND RIGHTS-OF-WAY. Applicant shall provide an appropriate location and Protective Structures for the safe and secure placement and operation of Compression Facilities as required by the Utility. Applicant shall provide the Utility rights-of-way, leases and/or easements, as required by the Utility to install, maintain, and operate Compression Facilities on Applicant's premises and to furnish Compression Services to Applicant.
5. ACCESS TO APPLICANT'S PREMISES. The Utility shall at all times have the right of ingress to and egress from Applicant's premises for any purpose connected with the furnishing of Compression Services or other gas services and the exercise of any and all rights secured to it by law, or under this tariff. These rights include, but are not limited to:
 - a. The use of a Utility-approved locking device to prevent unauthorized access to the Utility's facilities;
 - b. Safe and ready access for Utility personnel, free from unrestrained animals;
 - c. Unobstructed ready access for the Utility's vehicles and equipment to install, operate, remove, repair, or maintain Compression Facilities; and
 - d. Removal of any and all of the Utility's property installed on or below Applicant's premises after the termination of Compression Services.
6. SERVICE CONNECTIONS. Only personnel duly authorized by the Utility are allowed to connect or disconnect Compression Facilities to or from the Point of Delivery, remove Compression Facilities, or perform any work upon Compression Facilities or the existing Utility-owned facilities.

APPLICANT RESPONSIBILITIES

In accordance with the Utility's design, specifications, and requirements for the installation, maintenance and operation of Compression Facilities, Applicant shall have the following responsibilities:

- a. Applicant shall be solely responsible for electric service and all electric bills and electric costs, including electricity to run Compression Facilities, during construction and operating periods, and all other utility services required for the construction and/or operation of the Compression Facilities.

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SPECIAL CONDITIONS (Continued)

- b. Applicant shall, at Applicant's sole liability, risk and expense, plan, design, construct, install, own, maintain, and operate facilities and equipment beyond the Compression Point of Delivery in order to properly receive and dispense compressed natural gas, including, but not limited to, fast fill dispensers, time fill posts and hoses, and any required high pressure piping, fittings, valves, regulators, appliances, fixtures, and apparatus of any kind or character required for interconnection with Compression Facilities, all of which shall conform to industry standards and applicable laws, codes, and ordinances of all governmental authorities having jurisdiction, including any applicable environmental laws. Detailed information on the Utility's service equipment requirements will be furnished to Applicant by the Utility.
- c. Applicant shall make arrangements to shut down the operation of existing equipment as needed to allow the Utility to tie into existing gas piping (both on the supply side and on the high-pressure side), to tie into the electrical system to provide power to the Compression Facilities, to tie into the existing grounding system, and to tie into existing control/emergency systems.
- d. Applicant (i) shall limit access and take all necessary steps to prevent Compression Facilities from being damaged or destroyed; (ii) shall not interfere with the Utility's ongoing operation of Compression Facilities; and (iii) shall provide adequate notice to the Utility through the Utility's representative identified in the Compression Services Agreement prior to any inspection of Compression Facilities by regulatory agencies.
- e. The Utility shall incur no liability whatsoever, for any damage, loss, or injury occasioned by or resulting from:
 - i. The selection, installation, operation, maintenance or condition of Applicant's facilities or equipment; or
 - ii. The negligence, omission of proper shut-off valves or other protective and safety devices, want of proper care, or wrongful act of Applicant, or any agents, employees, or licensees of Applicant, on the part of Applicant installing, maintaining, using, operating, or interfering with its own pipes, fittings, valves, regulators, appliances, fixtures, or apparatus.
- f. Applicant shall meet all Utility requirements regarding creditworthiness and insurance.

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SPECIAL CONDITIONS (Continued)

- g. Applicant shall indemnify, defend and hold harmless the Utility and its authorized officers, employees, and agents from any and all claims, actions, losses, damages and/or liability of every kind and nature in any way connected with or resulting from the violation or noncompliance with any local, state, or federal environmental law or regulation as a result of pre-existing conditions at the premises, release or spill of any pre-existing hazardous materials or waste, or out of the management and disposal of any pre-existing contaminated soils or groundwater, hazardous or nonhazardous, removed from the ground as a result of the Compression Services or Compression Facilities ("Pre-Existing Environmental Liability"), including, but not limited to, liability for the costs, expenses, and legal liability for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remedial work, penalties, and fines arising from the violation of any local, state, or federal law or regulation, attorney's fees, disbursements, and other response costs. As between Applicant and the Utility, Applicant agrees to accept full responsibility for and bear all costs associated with Pre-Existing Environmental Liability. Applicant agrees that the Utility may stop work, terminate Compression Services, redesign the Compression Facilities to a different location or take other action reasonably necessary to install the Compression Facilities without incurring any Pre-Existing Environmental Liability.
- h. Applicant shall be responsible for the additional costs required to modify or maintain Compression Facilities or to provide Compression Services due to any changes in local, state or federal laws, regulations or permit requirements.

UTILITY RESPONSIBILITIES

- a. The Utility shall plan, design, procure, install, construct, own, operate, and maintain Compression Facilities sufficient to provide Compression Services to Applicant.
- b. The Utility shall apply for any permits necessary to construct and operate the Compression Facilities; however Applicant shall be responsible, at its own cost and expense without any dollar contribution or reimbursement from Utility, for any modification(s) to premises required by any permit.
- c. The Utility or its subcontractor shall operate the Compression Facilities and shall perform all preventative maintenance, including regular inspections, on Compression Facilities consistent with the manufacturer's recommendations and regulatory requirements.

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UTILITY RESPONSIBILITIES (Continued)

- d. The Utility shall remove Compression Facilities at the end of the term of the Compression Services Agreement or any extensions thereof, and Applicant shall allow the Utility a sufficient amount of time to complete removal of Compression Facilities.

SPECIAL CONDITIONS

1. Service may be denied, suspended or discontinued for nonpayment, unsafe apparatus, or other reasons in accordance with Rule No. 10, Termination of Service.
2. Any disputed bill will be treated in accordance with Rule No. 11, Administrative and Hearing Requirements.
3. All tariff rules shall apply unless they conflict with the terms of this Schedule. Whenever possible, the tariff rules and this Schedule shall be interpreted in such a way as to reconcile and give meaning to all terms therein, if reconciliation can be accomplished by any reasonable interpretation.
4. As a condition precedent to service under this schedule, a fully executed Compression Services Agreement is required. All contracts, rates and conditions are subject to revision and modification as a result of Commission order.
5. At the end of the term of the Compression Services Agreement and assuming that all required payments have been made by Applicant, the parties may mutually agree to extend the term of the Compression Services Agreement for a period to be mutually agreed upon. If the Applicant ceases service under the Compression Services Agreement prior to the term of the Compression Services Agreement, any losses resulting from the early termination of the Agreement will be shared equally between the Company and customers.
6. Utility may file in the public records, including real estate records, such instruments as may be appropriate or desirable (such as UCC financing statements and fixture filings) to put others on notice of Utility's ownership of the Compression Facilities.
7. Applicant may request changes to Compression Services or Compression Facilities as a result of changes to Applicant's compression requirements at any time during the term of the Compression Services Agreement; however, Utility has sole discretion whether to make any changes to Compression Services or Compression Facilities, and Applicant shall be responsible for the full costs related to any such changes in Compression Services or Compression Facilities.

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DEFINITIONS

1. **COMPRESSION FACILITIES.** Facilities to be placed on Applicant's Premises in order to provide Compression Services (to be identified in Exhibit A of the Compression Services Agreement) including, but not limited to:
 - a. Compressors, gas dryers, storage vessels, and any other equipment needed to supply gas pressure to Applicant's facilities at times and levels required by Applicant's operations;
 - b. Integrated equipment that includes peripheral equipment related to Applicant's specific application; and
 - c. Other associated equipment that may be requested by Applicant and agreed to by Utility.
2. **COMPRESSION POINT OF DELIVERY.** The point where pipes owned, leased, or under license by a customer and which are subject to inspection by the appropriate city, county, or state authority connect to the Utility's compression equipment or at the high pressure side of a valve or meter, whichever is further downstream. When there is more than one high pressure valve or meter, it is the point where the pipes owned, leased, or under license by a customer and which are subject to inspection by the appropriate city, county, or state authority connect to the Utility's compression equipment that are connected to the upstream high pressure valve or meter or at the outlet side of the upstream high pressure valve or meter, whichever is further downstream.
3. **COMPRESSION SERVICES.** Compression of natural gas delivered to the Applicant by the Utility to levels agreed upon by both the Utility and Applicant through the use of Compression Facilities located on Applicant's Premises.
4. **COMPRESSION SERVICES AGREEMENT.** Agreement between Applicant and Utility describing Compression Services to be provided to Applicant and Compression Facilities to be installed by Utility, subject to this Schedule and all applicable tariff schedules as filed from time to time with the Commission.
5. **PROTECTIVE STRUCTURES.** Fences, retaining walls (in lieu of grading), barriers, posts, barricades and other structures as required by Utility, permitting agencies, or other regulations.