

RULE NO. 7

PROVISION OF SERVICE

A. UTILITY RESPONSIBILITY

1. The Utility shall be responsible for the safe transmission and distribution of gas until it passes the point of delivery to the customer. Where the Utility owns and operates a meter, regulator, pipe, fixtures, apparatus, etc. downstream of the point of delivery, the Utility shall be responsible for the Utility's equipment as provided for in this Rule.
2. All meters, regulators, service pipe, fixtures, and other apparatus, etc. owned and operated by the Utility upon the customer's premises for the purpose of delivering or metering gas to the customer shall continue to be the property of the Utility, and may be repaired, replaced or removed by the Utility at any time. Such equipment installed on customer's premises shall be maintained in safe operating condition by the Utility.
3. The Utility shall not be responsible for any loss or damage occasioned or caused by the negligence or wrongful act of the customer or any of his agents, employees or licensees in installing, maintaining, using, operating, interfering with, or failing to support or protect any such meters, regulators, gas piping, appliances, fixtures or apparatus, etc.
4. The customer shall provide a leak tight system for receiving gas. The Utility shall perform a leak check on the customer's piping system when the gas is turned on. If any uncontrolled hazardous leakage exists at the time of turn-on, service will be denied until the customer has eliminated all such leaks. The Utility may also refuse service until a certificate executed by an authorized public official or licensed plumber is issued. Except as provided in this Rule, the Utility has no duty to inspect, maintain, or repair the customer's premises and has no duty to warn of any condition it observes thereon; the Utility shall not be liable for any failure to inspect, maintain, or repair the customer's premises or for the failure to warn of any condition.

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B. CUSTOMER RESPONSIBILITY

1. The customer shall, at the customer's sole risk and expense, furnish, install and keep in good, safe and leak free condition a customer piping system, and all appliances, alarms, fixtures, and apparatus of any kind or character located beyond the point of delivery which may be required for receiving gas from the Utility and for applying and utilizing gas, including all necessary protective appliances and suitable housing therefore.
2. The customer will be solely responsible for any injury, damage or loss resulting from the gas, or its use or loss, after such gas passes beyond the point of delivery, and the Utility shall not be responsible for any loss, injury or damage occasioned or caused by the negligence or wrongful act of the Customer or any of the Customer's agents, employees or licensees in installing, maintaining, using, operating or interfering with any such customer piping system, appliances, alarms, fixtures or apparatus. Where the Utility owns and operates a meter, regulator, pipe, fixtures, apparatus, etc., downstream of the point of delivery, the customer shall not be responsible for the injury, damage, or loss resulting from the gas, or its use or loss caused by that Utility equipment except as provided in paragraph (3), below.
3. No rent or other charge whatsoever will be made by the customer against the Utility for placing or maintaining said meters, regulators, service pipe, fixtures, etc., upon the customer's premises. All meters will be sealed or soldered by the Utility, and no such seal or solder shall be tampered with or broken except by a representative of the Utility appointed for that purpose. The customer shall exercise reasonable care to prevent the meters, regulators, service pipe, fixtures, etc., of the Utility upon said premises from being injured or destroyed, and shall refrain from interfering with the same and, in case of defect therein or damage thereto shall be discovered, shall promptly notify the Utility thereof. The customer shall reimburse the Utility for the cost of repairs arising from the customer's neglect, carelessness, misuse or abuse.

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B. CUSTOMER RESPONSIBILITY (Continued)

4. The Utility shall have the right to refuse or to discontinue gas service if the acts of the customer or the conditions upon his premises are such as to indicate intention to defraud the Utility. When the Utility has discovered that a customer has obtained service by fraudulent means, or has used the gas service for unauthorized purposes, the service to that customer may be discontinued without notice. The Utility will not restore service to such customer until that customer has complied with all filed Rules and reasonable requirements of the Utility and the Utility has been reimbursed for the full amount of the service rendered and the actual cost to the Utility incurred by reason of the fraudulent use.
5. The customer shall immediately call 911 and the Utility upon the discovery of any gas leaks or other hazardous or potentially hazardous conditions in or upon the customer's or the Utility's natural gas meter, regulators, piping, equipment, premises, etc. The customer shall call the Utility at (877) 860-6020 or, at the following numbers at any time of the day or night:

Central Arizona: (800) 528-4277

(Areas in and around Phoenix and Wickenburg)

Southern Arizona: (800) 722-4277

(Areas in and around Tucson, Green Valley, Casa Grande, Coolidge, Sierra Vista, Douglas, Morenci, Globe, Oracle, and Yuma)

Northwestern Arizona: (800) 447-5422

(Areas in and around Bullhead City, Parker, and Ehrenberg)

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C. CONTINUITY OF SERVICE

1. The Utility will exercise reasonable diligence to furnish a continuous and sufficient supply of gas to its customers and to avoid any shortage or interruption of delivery. The Utility will not be liable for interruptions or shortages of supply, nor for any loss or damage occasioned thereby, whether such interruptions or shortages occurred with or without notice to the customer.
2. The Utility shall not be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from any cause against which the Utility could not have reasonably foreseen or made provision for, such as force majeure.
3. The Utility has the right to suspend service temporarily for the purpose of making necessary repairs, maintenance or improvements to the system. When this is necessary, the Utility will endeavor to give affected customers reasonable notice where circumstances permit, and will proceed with work with reasonable diligence.
4. The Utility shall not be responsible for any damage or claim of damage attributable to curtailment (paragraph G).
5. The Utility's liability, if any, for its gross negligence or willful misconduct is not limited by this Tariff. With respect to any claim or suit, by a customer or by any others, for damages associated with the establishment, interruption, resumption, and termination of service to a customer, the Utility's liability shall not exceed an amount equal to the proportionate charge for the service for the period during which service was affected. The Utility shall not be liable for any special, indirect, or consequential damages whatsoever including, but not limited to, loss of profits or revenue, loss of use of equipment, cost of capital, cost of temporary equipment, overtime, business interruption, spoilage of goods, claims of customers of the customer or other economic harm.

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D. CHANGE IN CHARACTER OF SERVICE

1. When a change is made by the Utility in the type of service rendered which it knows 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 Utility at least 30 days in advance of the change or, if such notice is not possible, as early as feasible. Where adjustments or replacements of the Utility's standard equipment must be made to permit use under such changed conditions, adjustments shall be made by the Utility without charge to the customers.

There are no understandings, agreements, representations, or warranties, express or implied (including warranties regarding merchantability or fitness for a particular purpose), not specified herein or in the applicable rules of the Arizona Corporation Commission concerning the sale and delivery of services by company to the customer. These terms and conditions and the applicable rules of the Arizona Corporation Commission state the entire obligation of the company in connection with such sales and deliveries.

2. In cases when changes are required due to customer requirements such as increased delivery pressure, larger meter capacity, etc., the Utility at its option may make the changes so long as the changes will not be detrimental to other customers as determined by the Utility. The Customer may be required to reimburse the Utility for such customer required changes.

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E. SERVICE INTERRUPTIONS

1. When service interruptions occur the Utility shall make reasonable effort to restore service in the shortest time. The Utility shall have procedures to be followed to mitigate interruptions or impairment of service due to emergencies.
2. Under disaster conditions the Utility will cooperate to the fullest extent with the governmental agency having authority in the area. The Utility may, in the public interest, interrupt service to customers to provide necessary service to civil defense or other emergency service agencies until normal service can be provided.
3. The Utility shall not be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from any cause against which the Utility could not have reasonably foreseen or made provision for.
4. When an interruption in service is scheduled for more than four hours to perform maintenance or repairs, the Utility shall attempt to inform affected customers and the Commission's Consumer Services Section, of the date and time and of the estimated duration of the interruption at least 48 hours in advance.

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F. DESCRIPTION OF SERVICE

1. Heating Value

Gas supplied in the Utility's service area consists of natural gas having an average total heating value of not less than 900 Btus per cubic foot.

2. Standard Delivery Pressure

a. The standard delivery pressure maintained at the outlet of the meter supplying the customer will be approximately 0.25 pounds per square inch gauge (7-inch water column) subject to variation under load conditions.

b. In cases where a customer desires service at greater than standard delivery pressure, the Utility 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 to other customers of the Utility. The Utility reserves the right to lower said 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 such higher pressure, the meter volumes shall be corrected to that higher pressure for billing purposes in accordance with the definition of a cubic foot set forth in Rule No. 1.

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PROVISION OF SERVICE*(Continued)*F. DESCRIPTION OF SERVICE *(Continued)*

3. Determination of Billing Units

a. Positive Displacement Metering-Therm Billing

(1) Average Heating Value

The average heating value (Btu per cubic foot) used in billing shall be determined by means of a recording calorimeter, employing the Thomas principle of calorimetry, or by means of some other recognized method. The average total heating value in any billing period shall be the arithmetic average of the total heating values for each day during such period. In the event the Utility is unable to utilize its own recording calorimeter, the daily average heating values of the gas delivered by the supplier shall be used.

(2) Therms to be Billed

The number of therms to be billed will be determined by multiplying the difference in meter reading by an appropriate billing factor.

The billing factor appropriate for accounts metered at standard delivery pressure will be the average gas heating value, expressed in Btu per cubic foot, divided either by 1,000 for meter registrations in units of 100 cubic feet (Ccf) or by 100 registrations in units of 1,000 cubic feet (Mcf), and the result will be multiplied by the proper value determined by combining the altitude and delivery pressure factors, values shown on A.C.C. Sheet No. 213 of this Arizona Tariff.

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PROVISION OF SERVICE*(Continued)*F. DESCRIPTION OF SERVICE *(Continued)*(2) Terms to be Billed *(Continued)*

<u>Altitude Zone No.</u>	<u>Elevation Range</u>	<u>Standard Barometric Pressure</u>	<u>Standard Delivery Pressure</u>	<u>Value</u>
1	-200-199	14.73	14.98	1.0170
2	200- 599	14.52	14.77	1.0027
3	600- 999	14.32	14.57	.9891
4	1000-1399	14.11	14.36	.9749
5	1400-1799	13.91	14.16	.9613
6	1800-2199	13.72	13.97	.9484
7	2200-2599	13.52	13.77	.9348
8	2600-2999	13.33	13.58	.9219
9	3000-3399	13.14	13.39	.9090
10	3400-3799	12.95	13.20	.8961
11	3800-4199	12.77	13.02	.8839
12	4200-4599	12.58	12.83	.8710
13	4600-4999	12.41	12.66	.8595
14	5000-5399	12.23	12.48	.8473
15	5400-5799	12.05	12.30	.8350
16	5800-6199	11.88	12.13	.8235
17	6200-6599	11.71	11.96	.8119
18	6600-6999	11.54	11.79	.8004
19	7000-7399	11.38	11.63	.7895
20	7400-7799	11.21	11.46	.7780

Issued On August 29, 1997
 Docket No. U-1551-96-596

Issued by
 Edward S. Zub
 Senior Vice President

Effective September 1, 1997
 Decision No. 60352

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F. DESCRIPTION OF SERVICE (Continued)

(3) All Other Accounts

When a customer is served natural gas at higher than standard delivery pressure the following correction or conversion factors, if applicable, will be applied to meter readings, in order to determine the billing units.

A		B		C		D
(Standard) (Barometric + Delivery) <u>Pressure(psia)Pressure(psig)</u> (14.73 psia)	×	(Average) (Heating Value) <u>(BTU/Cu. Ft.)</u> (100,000) (BTU/therm)	×	<u>(520)</u> (460 + T)	×	(Y)

Note: The volume of gas subject to commodity charges will be based on the difference between the current month's reading and the prior billing readings. For those meter readings in hundreds of cubic feet (Ccf) the difference in readings must be multiplied by 100 to obtain cubic feet (Cf) of usage for billing purposes. Standard delivery pressure is .25 psig.

- A= Correction for other than standard delivery pressure and altitude.
- B= Conversion to therms.
- C= Correction of temperature to 60E Fahrenheit.
- D= Correction for supercompressibility ratio.
- T= Temperature of gas in degrees Fahrenheit.
- Y= Correction for deviation from Boyle's Law.

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F. DESCRIPTION OF SERVICE (Continued)

4. Tabulation of Standard Barometric Pressure

In adjusting the metered gas volume to the standard pressure base of 14.73 psia, the standard barometric pressure assumed to exist at the meter for various altitudes shall be taken from the following table:

TABULATION OF STANDARD BAROMETRIC PRESSURE

<u>Altitude Zone No.</u>	<u>Elevation Range</u>	<u>Standard Barometric Pressure</u>
1	-200- 199	14.73
2	200- 599	14.52
3	600- 999	14.32
4	1000-1399	14.11
5	1400-1799	13.91
6	1800-2199	13.72
7	2200-2599	13.52
8	2600-2999	13.33
9	3000-3399	13.14
10	3400-3799	12.95
11	3800-4199	12.77
12	4200-4599	12.58
13	4600-4999	12.41
14	5000-5399	12.23
15	5400-5799	12.05
16	5800-6199	11.88
17	6200-6599	11.71
18	6600-6999	11.54
19	7000-7399	11.38
20	7400-7799	11.21

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G. CURTAILMENT

1. Applicability

- a. The order of curtailment shall be in inverse order of the curtailment priorities set forth in Section 2 below.
- b. Curtailment priorities shall apply to both sales customers and transportation customers.
- c. 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.
- d. Each priority shall be curtailed in full before the next priority in order is curtailed.
- e. When Priority 1 customers would be curtailed due to system supply failure (either upstream capacity or supply failure), the Utility 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 Utility shall provide additional compensation to such customer for the incremental cost of using the alternate fuel, i.e., 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 Utility's next scheduled billing after the customer has furnished adequate proof to the Utility concerning alternate fuel costs, replacement volumes and gas costs.
- f. The installation of a cogeneration facility shall not affect the underlying end-use priority of the establishment.

Issued On August 29, 1997
 Docket No. U-1551-96-596

Issued by
 Edward S. Zub
 Senior Vice President

Effective September 1, 1997
 Decision No. 60352

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G. CURTAILMENT (Continued)

- g. Natural gas utilized as compressed natural gas for vehicle fuel shall be classified as a commercial end-use.
- h. 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 practicable.
- i. In accordance with the provisions set forth in Section 6.13 of Schedule No. T-1, a transportation customer may be curtailed to the level of actual supply scheduled for that customer, regardless of end-use priority.

2. Priorities

- Priority 1: Residential, small commercial (less than 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 (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 1,000 therms on a peak day.
- Priority 3B: All industrial requirements not specified in Priorities 2, 3A, 4 and 5.

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G. CURTAILMENT (Continued)

- Priority 4: Industrial requirements for boiler fuel use at less than 30,000 therms per peak day, but more than 15,000 therms per peak day, where alternate fuel capabilities can meet such requirements.
- Priority 5: Industrial requirements for large volume (30,000 therms per peak day or more) boiler fuel use where alternate fuel capabilities can meet such requirements.
3. In the event of isolated incidents in order to avoid hazards and protect the public, the Utility may temporarily interrupt service to certain customers without regard to priority or any other customer classification.
4. The Utility shall not be responsible for any damage or claim of damage attributable to the aforementioned curtailment.

H. CONSTRUCTION STANDARDS AND SAFETY

1. The Utility shall fulfill its responsibility for warning and for the safe distribution of gas by designing, constructing, testing, inspecting, operating, and maintaining its transmission and distribution systems upstream of the point of delivery in compliance with the Federal Safety Standards for intrastate natural gas pipeline facilities and the Commission's safety standards for natural gas pipeline facilities.
2. When Utility owned and operated equipment is located downstream of the point of delivery:
- a. The Federal Safety Standards for intrastate natural gas pipeline facilities and the Commission's safety standards for natural gas pipeline facilities do not apply to the customer piping system.

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PROVISION OF SERVICE
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H. CONSTRUCTION STANDARDS AND SAFETY (Continued)

- b. Although the gas within the Utility owned and operated equipment downstream of the point of delivery is not in transportation, the Utility shall fulfill its responsibility for warning and for designing, constructing, testing, inspecting, operating, and maintaining that Utility equipment by complying with the requirements of the Federal Safety Standards for intrastate natural gas pipeline facilities and the Commission's safety standards for natural gas pipeline facilities.
- c. No municipal, county or other local code, ordinance, franchise, regulation, rule, opinion, decision, order or other law, such as a developmental code, building code, plumbing code, fuel gas code, fire alarm and signaling code, administrative code, or electrical code, shall apply to the permitting, design, construction, testing, inspection, operation, or maintenance of any meter, regulator, pipe, fixtures, apparatus, etc. owned and operated by the Utility that is downstream of the point of delivery.
- 3. Unless ordered otherwise by the Commission, the Utility shall be responsible for complying with the Commission's Rules and Regulations for incident notification and reporting that are established in A.A.C. R14-5-203 and A.A.C. R14-5-204, as amended from time to time.