

Schedule No. G-30

OPTIONAL GAS SERVICE

APPLICABILITY

Applicable to natural gas use by customers that qualify for service under this schedule according to either Applicability Provision (1), (2) or (3) below:

1. Customers whose average monthly requirements on an annual basis are greater than 11,000 therms per month and who have installed facilities capable of burning alternate fuels or energy.
2. Customers whose average monthly requirements on an annual basis are greater than 11,000 therms per month and who can demonstrate to the Utility sufficient evidence of economic hardship under the customer's otherwise applicable sales tariff schedule.
3. Customers whose requirements may be served by other natural gas suppliers at rates lower than the customer's otherwise applicable gas sales tariff schedule. As a condition precedent to qualifying for service under this applicability provision, the customer must qualify for transportation service under Schedule No. T-1 and establish that bypass is economically, operationally and physically feasible and imminent.

This optional schedule is not available for partial requirements gas service where gas is used in combination with alternate fuels or energy, or with natural gas provided by other suppliers. Any gas service rendered to customers not in conformance with the provisions of this schedule shall be billed under the otherwise applicable gas sales tariff schedule.

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 basic service charge is the charge per meter set as set forth in the customer's otherwise applicable gas sales tariff schedule and is set forth in the currently effective Statement of Rates of this Arizona Gas Tariff or the charge as set forth in the customer's service agreement.

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RATES (Continued)

Unless otherwise provided, the commodity charge per therm shall be determined in accordance with Special Condition No. 2. In no event shall the commodity charge per therm be less than the "floor" cost of gas, which is defined as the sum of (1) the weighted average commodity cost of gas, excluding gas purchased for the Arizona Price Stability Program, purchased by the Utility for system supply during the month; (2) an amount to reflect upstream pipeline capacity charges; and (3) an amount to reflect distribution system shrinkage.

For customers qualifying for service under Applicability Provision (3) above, and, if the Utility is unable to serve such customer utilizing the "floor" cost of gas as set forth above, a Special Gas Procurement Agreement shall be executed and approved by the Commission, and the commodity charge per therm shall be determined in accordance with Special Condition No. 3.

In addition to the charges described above, customers served under this schedule will be responsible for their share of any interstate pipeline charges incurred by the Utility.

With the exception of gas sales provided for under Special Condition No. 3, the Utility shall account for sales under this schedule using the "floor" cost of purchased gas.

SUPPLIER REFUNDS

If, as a result of any final order of the FERC or the Commission which is no longer subject to judicial review, the Utility receives a cash refund from any of its upstream pipeline transporters or suppliers which is applicable to gas sales made under this Arizona Gas Tariff, the Utility shall allocate such refund to its customers based on the therms billed during the refund period. The amount allocated to customers served under this schedule shall be used to reduce such customers' gas costs.

SPECIAL CONDITIONS

1. Prior to the establishment of service under this schedule, the customer shall execute a service agreement under mutually agreeable terms.

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SPECIAL CONDITIONS (Continued)

2. Rates may vary from customer to customer based on value of the service and on the customer's ability to change from one fuel to another and may be revised from time to time as costs and conditions change. In no event shall the non-gas cost rates charged to the customer, excluding gross revenue taxes, exceed the sum of the applicable Delivery Charges and the Rate Adjustment, if applicable, that would have been charged under the customer's otherwise applicable gas sales tariff schedule.
3. A Special Gas Procurement Agreement under this schedule is defined herein as an agreement between the Utility and an applicable customer which enumerates the provisions whereby the Utility will procure specific supplies of gas for the customer. The Agreement must be reviewed and explicitly approved by the Commission prior to providing service pursuant to this condition. The commodity charge per therm for Special Gas Procurement Agreement customers may vary depending on the terms and conditions of the Agreement, but in no event shall be less than the sum of (a) the weighted average cost of gas purchased from suppliers on behalf of the customer; (b) any upstream pipeline capacity or volumetric charges, including an allowance for pipeline shrinkage, incurred to deliver such supply to the Utility's mainline delivery point; and (c) an amount to reflect distribution system shrinkage. A sole and separate accounting of gas purchases and sales made under Special Gas Procurement Agreements shall be maintained by the Utility. The cost of gas purchases made for such customers will be excluded from the Purchased Gas Cost Adjustment Provision. However, the Utility shall credit to Account No. 191, Unrecovered Purchased Gas Costs, all upstream pipeline capacity charges collected from the customer.
4. All customers that qualify for service under this schedule because of installed alternate fuel capability must have and maintain adequate alternate fuel standby facilities of equivalent capacity to those natural gas facilities served hereunder. These facilities are subject to Utility inspection and verification of operating capacity and capability.

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SPECIAL CONDITIONS (Continued)

5. The sales commodity charge per therm of any customer served under this schedule who requests service under an otherwise applicable gas sales schedule shall be adjusted to exclude the Gas Cost Balancing Account Adjustment for the initial 12-month sales period. After the conclusion of the initial 12-month period of receiving sales service, the customer shall be billed at the currently effective tariff rate, including the Gas Cost Balancing Account Adjustment.
6. The Utility may require six months' notice from Special Gas Procurement Agreement customers prior to returning to their otherwise applicable gas sales schedule or require the customer to pay the incremental cost of gas incurred to serve them as determined by the Utility under their otherwise applicable gas sales schedule for the following six months.