

Schedule No. G-CS

CORE SUBSCRIPTION GAS PROCUREMENT  
TO NONCORE CUSTOMERS

APPLICABILITY

Applicable for gas procurement service for commercial, industrial and cogeneration use at each facility classified as noncore, as defined in Rule No. 1. Service under this schedule must be taken in conjunction with Schedule Nos. GS-70/GN-70. Customers electing service under this schedule must authorize the Company to obtain sufficient interstate capacity on customer-s behalf to meet customer-s operational requirements.

TERRITORY

Throughout the Company-s certificated gas service areas in its Southern and Northern California Divisions, except as may hereafter be provided.

RATES

Customer bills will be determined based on the customer-s scheduled quantities. Differences between the customer-s scheduled quantities and the customer-s metered quantities will result in a volume adjustment to the customer-s bills. Should an adjustment to a customer-s bill be necessary, such adjustment will be applied during the month in which the volumes were delivered to the customer for the purposes of determining the applicability of the provisions of this schedule.

To obtain service under this schedule, the customer shall pay the following charges:

1. Procurement Charge: An amount per therm for the recovery of the volumetric costs associated with this service. For each therm of gas delivered to the customer, the Procurement Charge will include the following components:
  - a. Commodity Charge: An amount equal to the estimated weighted average cost of purchased gas for the month plus franchise and uncollectible expenses and applicable adjustments;
  - b. Interstate Volumetric Charge: An amount equal to the interstate pipeline volumetric charges plus franchise and uncollectible expenses;

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*(Continued)*

RATES *(Continued)*

- c. Interstate Shrinkage Charge: An amount equal to 0.053 times the applicable Commodity Charge as adjusted for the current billing period.

This charge is established between the first and seventh calendar day of each month and shall be set forth in the currently effective Statement of Rates of this California Gas Tariff.

2. Interstate Reservation Charge: An amount per month for the recovery of the interstate capacity reserved on the customer's behalf plus applicable surcharges and franchise and uncollectible expenses. The Interstate Reservation Charge applicable to transportation customers receiving service under this schedule shall be contained in the customer's Core Subscription Service Agreement.

As a condition of transportation service, transportation customers must be financially responsible for all costs associated with the interstate pipeline capacity reserved by the Company on the customer's behalf for the full term of the service agreement pursuant to this schedule.

SERVICE AGREEMENT

A Core Subscription Service Agreement is required for service under this schedule. The minimum term for service under this schedule is 12 months. Customers formerly served under a noncore sales schedule who do not enter into a Core Subscription Service Agreement or notify the Company of their intent to make alternate arrangements for their own gas supply within 30 days after Commission authorization of this tariff shall be assigned to this schedule for a 12-month term beginning on day 31 after Commission authorization of this tariff and shall be required to reimburse the Company for any interstate transportation arranged on their behalf.

The Company shall accept requests for Core Subscription service on a first-come first-served basis to the extent it determines that it is operationally feasible to provide such service. If access to service under this schedule becomes restricted, the Company shall maintain a list of the customers requesting Core Subscription service and shall provide such service in the order of the customer list in the event additional core subscription capacity becomes available.

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*(Continued)*

ESTABLISHING CORE SUBSCRIPTION PROCUREMENT SERVICE

1. Requests for service hereunder shall be made by, and shall be deemed to be complete upon, the customer providing the following information to the Company:
  - a. Term of service -
    - (i) Date service requested to commence; and
    - (ii) Date service requested to terminate.
  - b. Gas quantities - The maximum quantity per month applicable to each point(s) of delivery as specified in the customer's Transportation Service Agreement.
  - c. Interstate capacity requirements.
2. Upon receipt of all of the information specified above, the Company shall endeavor on a best-efforts basis to arrange for the interstate capacity required to serve the customer's requirements.
3. If the Company is unable to arrange for the interstate capacity as requested by the customer, the customer will be notified of the reason(s) for the Company's inability to acquire the capacity and allowed to modify its request.

SOUTHWEST GAS CORPORATION

P.O. Box 98510

Las Vegas, Nevada 89193-8510

California Gas Tariff

Original \_\_\_\_\_ Cal. P.U.C. Sheet No. 4044-G  
Canceling \_\_\_\_\_ Cal. P.U.C. Sheet No. \_\_\_\_\_

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(Continued)

CUSTOMER'S CREDITWORTHINESS

The Company shall not be required to perform or to continue procurement service under this schedule on behalf of any customer who is or has become insolvent or who, at the Company's request, fails within a reasonable period to demonstrate creditworthiness; provided, however, such customer may receive service under this schedule if the customer prepays for such service or furnishes good and sufficient security, as determined by the Company in its reasonable discretion, an amount equal to the cost of performing the service requested by the customer for a 6-month period. For the purpose of providing procurement service, the insolvency of a customer shall be evidenced by the filing by such customer or a parent entity thereof of a voluntary petition in bankruptcy or the entry of a decree or order by a court having jurisdiction in the premises adjudging the customer as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the customer under the Federal Bankruptcy Act or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, trustee, sequestrator of the customer or of any substantial part of its property, or the ordering of the winding-up or liquidation of its affairs, with said order of decree continuing unstayed and in effect for a period of 60 consecutive days.

Advice Letter No. 461 Issued by Marvin R. Shaw Date Filed August 16, 1993  
Decision No. \_\_\_\_\_ Executive Vice President Effective October 1, 1993  
Resolution No. \_\_\_\_\_

**FORM OF SERVICE AGREEMENT FOR  
CORE SUBSCRIPTION NATURAL GAS PROCUREMENT  
UNDER RATE SCHEDULE NO. G-CS**

This AGREEMENT is entered into this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between SOUTHWEST GAS CORPORATION, a California corporation, ("the Company") and \_\_\_\_\_, ("the Customer").

**WITNESSETH:**

In consideration of the mutual covenants and agreements as herein set forth, the Company and the Customer agree as follows:

**ARTICLE I - GAS PROCUREMENT**

Subject to the terms, conditions and limitations hereof, the Company agrees to procure for the benefit of the Customer up to the following daily quantity of natural gas, which shall constitute the Customer's Maximum Daily Quantity.

\_\_\_\_\_ Therms

The Company shall thereupon deliver such quantity to the Customer at the Point(s) of Delivery as specified in Article II below.

The Company shall not be obligated to deliver quantities of gas in excess of the Maximum Daily Quantity.

**ARTICLE II - DELIVERY POINTS, PRESSURES AND QUANTITIES**

Delivery of natural gas by the Company to the Customer shall be at or near the points whose locations, delivery pressures, assumed atmospheric pressures, and maximum quantity per day are described as follows:

<u>Delivery Point(s)</u>	<u>Delivery Pressure</u>	<u>Atmospheric Pressure</u>	<u>Maximum Delivery Point Quantity Per Day</u>
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**ARTICLE III - APPLICABLE GAS PROCUREMENT RATES AND RATE SCHEDULE**

The Customer agrees to pay the Company for gas procurement natural gas service rendered under the terms of this Agreement in accordance with Rate Schedule No. G-CS, as filed with the California Public Utilities Commission and as amended or superseded from time to time.

**ARTICLE IV - INTERSTATE RESERVATION CHARGES**

In providing service under this Agreement, the Company will secure sufficient interstate transportation capacity to satisfy the Customer's Maximum Daily Quantity. The Interstate Reservation Charges for such capacity shall be \$\_\_\_\_\_ per month for the primary term of this Agreement, plus all applicable surcharges and franchise and uncollectible expenses. No less than one hundred and twenty (120) days prior to the end of the primary term or the anniversary date for each extension, the Interstate Reservation Charges will be established for the subsequent term. On the date of the commencement of a subsequent term, this Agreement will be amended, without any action by the parties hereto, to reflect the then applicable Interstate Reservation Charges.

**ARTICLE V - TERM OF AGREEMENT**

This Agreement shall become effective on \_\_\_\_\_ 1, 1993, and shall continue in effect for the period extending for a primary term (at least one year) to and including \_\_\_\_\_, \_\_\_\_\_ and from year to year thereafter; subject, however, to termination at expiration of the said primary term, or upon the anniversary date for any subsequent year, by a party hereto, through written notice so stating and given to the other party no less than ninety (90) days in advance.

**ARTICLE VI - NOTICES**

Any notice, request or demand concerning this Agreement shall be written and delivered personally, by facsimile, or by overnight mail with all postage and charges prepaid, to the other party as follows:

Southwest Gas Corporation

Customer

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

PH. No. \_\_\_\_\_  
FAX No. \_\_\_\_\_

PH. No. \_\_\_\_\_  
FAX No. \_\_\_\_\_

Routine communications, including statements, invoices, billings and other recurring matters, shall be sent by the Company to the Customer by first class mail to:

Customer

\_\_\_\_\_  
\_\_\_\_\_

PH. No. \_\_\_\_\_

FAX No. \_\_\_\_\_

Normal operating communications may be made by telephone, with subsequent written confirmation, or by facsimile to the Company's Operations Section at:

Southwest Gas Corporation

\_\_\_\_\_  
\_\_\_\_\_

PH. No. \_\_\_\_\_

FAX No. \_\_\_\_\_

Notices, requests and demands concerning this Agreement shall be deemed delivered when received. Routine communications shall be deemed delivered when mailed. Either party may change its address at any time upon written notice to the other party.

#### ARTICLE VII - OTHER OPERATING PROVISIONS

(To be used when necessary to specify  
other operative provisions.)

#### ARTICLE VIII - ADJUSTMENTS TO RULES

Notwithstanding the provisions of Article XIII hereof, certain of the Rules applicable to the transportation service are to be adjusted for the purpose of this Agreement, as specified below:

(To be used when necessary.)

**ARTICLE IX - PRIOR AGREEMENTS**

The Customer recognizes that the Company has existing agreements and working relationships with its pipeline companies, and the Company agrees to cooperate reasonably with them for the purpose of receiving, transporting and delivering the Customer's gas in a practical and efficient manner. Nothing in this Agreement shall be construed in any manner as limiting or modifying the rights or obligations of any of the parties under the Company's Rate Schedule No. G-CS on file with the California Public Utilities Commission and any service agreement executed by the parties for service thereunder.

When this Agreement takes effect, it supersedes, cancels and terminates the following agreement(s):

(To be used when necessary.)

**ARTICLE X - REGULATORY REQUIREMENTS**

The Customer shall not take any action that would subject the Company to the jurisdiction of the Federal Energy Regulatory Commission, the Economic Regulatory Administration, or any successor governmental agency. Any such action shall be cause for immediate termination of this Agreement. This Agreement, all terms and provisions contained or incorporated herein, and the respective obligations of the parties hereunder are subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction over the subject matter of this Agreement. This Agreement shall at all times be subject to such changes or modifications by the California Public Utilities Commission as it may from time to time direct in the exercise of its jurisdiction.

Should the Federal Energy Regulatory Commission, the California Public Utilities Commission or any other regulatory or successor governmental agency having jurisdiction impose by rule, order or regulation any terms or conditions upon this Agreement which are not mutually satisfactory to the parties, then either party, upon the issuance of such rule, order or regulation, and notification to the other party, may terminate this Agreement.

**ARTICLE XI - CONFIDENTIALITY**

Neither the Company nor the Customer, nor their respective affiliates, directors, officers, employees, agents or permitted assignees shall disclose to any third party the terms and provisions of this Agreement without the other party's prior written consent; provided, however, the Company may make such disclosure to any state or federal governmental authority (including any court) as in the opinion of counsel for the Company is required by applicable law, rule or regulation without the Customer's consent.



**ARTICLE XII - SUCCESSORS AND ASSIGNS**

This Agreement shall be binding upon and will inure to the benefit of the parties hereto and their respective successors and assigns. No assignment or transfer by any party hereunder shall be made without written approval of the other parties. Such approval shall not be unreasonably withheld. As between the parties hereto, such assignment shall become effective on the first day of the month following written notice that such assignment has been effectuated.

**ARTICLE XIII - RULES**

The Rules of the Company as authorized by and on file with the California Public Utilities Commission in the Company's California Gas Tariff shall apply to the transaction to be performed hereunder, and are hereby incorporated by reference into this Agreement, except as otherwise provided in this Agreement.

SOUTHWEST GAS CORPORATION

\_\_\_\_\_  
(Customer)

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_