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SPECIAL SUPPLEMENTARY TARIFF INTERSTATE PIPELINE CAPACITY SERVICES PROVISION SOUTHERN NEVADA DIVISION

I. <u>TITLE ASSIGNMENT SERVICE</u>

A. APPLICABILITY

- 1. This Title Assignment Service provision shall apply only to natural gas transportation customers with Title Assignment Operating Agreements executed with the Utility prior to April 1, 1993, in conjunction with an executed service agreement pursuant to Schedule No. ST-1, Transportation of Customer-Secured Natural Gas, for interstate pipeline transportation service on the Kern River Gas Transmission Company (Kern River) and/or El Paso Natural Gas Company (El Paso) systems. It specifies the procedures to be utilized by the Utility in providing upstream pipeline firm transportation service on the Kern River and/or El Paso systems to eligible Title Assignment transportation customers and recovering associated costs from such customers.
- 2. New customers shall not be eligible for Title Assignment Service.
- 3. Electric Generation and Cogeneration customers shall not be eligible for Title Assignment Service on the El Paso system, unless the Utility converts from a full requirements customer to a contract demand customer.

B. <u>CHARACTER OF SERVICE</u>

1. The Utility will provide eligible transportation customers access to the Utility's upstream pipeline firm transportation capacity and service on the Kern River and/or El Paso systems subject to the provisions and limitations set forth in this provision, Schedule No. ST-1 and Rule No. 8 of this Nevada Gas Tariff. Upstream pipeline firm transportation service under this provision is available on a recallable basis only.

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SPECIAL SUPPLEMENTARY TARIFF INTERSTATE PIPELINE CAPACITY SERVICES PROVISION SOUTHERN NEVADA DIVISION (Continued)

I. <u>TITLE ASSIGNMENT SERVICE</u> (Continued)

B. <u>CHARACTER OF SERVICE</u> (Continued)

- 2. Title Assignment Service to any individual transportation customer shall be limited to a maximum of 10,000,000 therms per calendar year and a maximum of 50,000 therms per day.
- 3. Title Assignment Service shall be recalled by the Utility to protect service to Priority 1 and Priority 2 customers pursuant to the provisions of Schedule No. ST-1 and Rule No. 8 of this Nevada Gas Tariff, in force majeure conditions which may occur from time to time on the upstream pipeline system, in situations when the recall of Title Assignment Service will result in a reduction in the cost of gas purchased from suppliers and when the Utility's core demand for upstream pipeline capacity is greater than the Utility's current billing determinant or contract demand on the applicable interstate pipeline(s).

C. TERRITORY

Throughout the Southern Nevada Division certificated area served by the Utility as set forth in this Nevada Gas Tariff.

D. TERM

- 1. The minimum term for transportation customers electing service under this provision is 1 month.
- 2. The minimum requirement for notice of suspension of Title Assignment Service shall be by written notice from the customer at least 1 month prior to the start of any calendar month.

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

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SPECIAL SUPPLEMENTARY TARIFF INTERSTATE PIPELINE CAPACITY SERVICES PROVISION SOUTHERN NEVADA DIVISION (Continued)

I. <u>TITLE ASSIGNMENT SERVICE</u> (Continued)

E. RATES FOR TITLE ASSIGNMENT SERVICE — EL PASO SYSTEM

- 1. Title Assignment customers utilizing service on the El Paso transmission system shall pay the Utility monthly the sum of the following charges:
 - a. <u>Reservation Charge</u>. A rate per therm for all quantities transported by the Utility on behalf of the customer on the El Paso system during the month, determined according to the methodology described in Sections E.2 and E.3 below.
 - b. <u>Volume Charge</u>. A rate per therm for all quantities transported by the Utility on behalf of the customer on the El Paso system during the month, which includes El Paso's currently-effective usage charges for firm upstream pipeline transportation service plus any applicable surcharges.
- 2. The minimum Reservation Charge for Title Assignment Service on the El Paso system shall be \$.075 per dekatherm. The maximum Reservation Charge shall be El Paso's currently-effective reservation charges for firm transportation, including applicable surcharges, expressed on a 100 percent load factor volumetric basis. In no event will the Reservation Charge be less than the minimum or greater than the maximum.

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SPECIAL SUPPLEMENTARY TARIFF INTERSTATE PIPELINE CAPACITY SERVICES PROVISION SOUTHERN NEVADA DIVISION (Continued)

I. <u>TITLE ASSIGNMENT SERVICE</u> (Continued)

E. RATES FOR TITLE ASSIGNMENT SERVICE – EL PASO SYSTEM (Continued)

- 3. Within the minimum and maximum Reservation Charge limitations set forth in Section E.2 above, the amount of the Reservation Charge shall be established monthly based on the average difference between the prior month's bid week index prices for San Juan natural gas delivered at the El Paso mainline receipt point and at the California border as published in Natural Gas Week and Natural Gas Intelligence, less applicable variable transportation charges and surcharges, including shrinkage, as set forth in El Paso's currently-effective tariff.
- 4. The amount of the Reservation Charge for a particular month shall be made available to eligible Title Assignment customers no later than the 12th day of the preceding month.

F. RATES FOR TITLE ASSIGNMENT SERVICE – KERN RIVER SYSTEM

- 1. Title Assignment customers utilizing service on the Kern River transmission system shall pay the utility monthly the sum of the following charges:
 - a. <u>Reservation Charge</u>. A rate per therm for all quantities transported by the Utility on behalf of the customer on the Kern River system during the month, determined according to the methodology described in Sections F.2 and F.3 below.

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

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SPECIAL SUPPLEMENTARY TARIFF INTERSTATE PIPELINE CAPACITY SERVICES PROVISION SOUTHERN NEVADA DIVISION (Continued)

- I. <u>TITLE ASSIGNMENT SERVICE</u> (Continued)
 - F. RATES FOR TITLE ASSIGNMENT SERVICE KERN RIVER SYSTEM (Continued)
 - b. <u>Volume Charge</u>. A rate per therm for all quantities transported by the Utility on behalf of the customer on the Kern River system during the month, which includes Kern River's currently-effective usage charges for firm upstream pipeline transportation service plus any applicable surcharges.
 - 2. The minimum Reservation Charge for Title Assignment Service on the Kern River system shall be \$.15 per dekatherm. The maximum Reservation Charge shall be Kern River's currently-effective reservation charges expressed on a 100 percent load factor volumetric basis. In no event will the Reservation Charge be less than the minimum or greater than the maximum.
 - 3. Within the minimum and maximum Reservation Charge limitations set forth in Section F.2 above, the amount of the Reservation Charge shall be established monthly based on the average difference between the prior month's bid week index prices for Rocky Mountain natural gas delivered at the Kern River mainline receipt point and at the California border as published in <u>Natural Gas Week</u> and <u>Natural Gas Intelligence</u>, less applicable variable transportation charges and surcharges, including shrinkage, as set forth in Kern River's currently-effective tariff.
 - 4. The amount of the Reservation Charge for a particular month shall be made available to eligible Title Assignment customers no later than the 12th day of the preceding month.

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SPECIAL SUPPLEMENTARY TARIFF INTERSTATE PIPELINE CAPACITY SERVICES PROVISION SOUTHERN NEVADA DIVISION

(Continued)

I. <u>TITLE ASSIGNMENT SERVICE</u> (Continued)

G. CHANGES IN RATES

The Utility will revise rates for Title Assignment Service as necessary to reflect Federal Energy Regulatory Commission (FERC) authorized changes in Kern River's or El Paso's upstream pipeline transportation rates. Any refunds received from Kern River or El Paso will be allocated on the basis of the customer's Title Assignment volumes billed during the refund period.

H. ACCOUNTING FOR TITLE ASSIGNMENT REVENUES

All Reservation Charge revenues received by the Utility in providing service under this provision shall be credited to Account No. 191, Unrecovered Purchased Gas Costs.

II. CAPACITY RELEASE SERVICE

A. APPLICABILITY

The purpose of this Capacity Release Service provision is to govern the release of interstate pipeline capacity in excess of the requirements of Title Assignment and Priority 1 and Priority 2 customers. The Utility shall identify and offer for release any available interstate pipeline capacity reserved to serve such customers for the purpose of minimizing the overall cost of upstream interstate pipeline capacity.

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SPECIAL SUPPLEMENTARY TARIFF INTERSTATE PIPELINE CAPACITY SERVICES PROVISION SOUTHERN NEVADA DIVISION

(Continued)

II. <u>CAPACITY RELEASE SERVICE</u> (Continued)

B. RELEASE PROCEDURES

- 1. The Utility reserves the right to not release capacity if market conditions so warrant.
- 2. The Utility shall determine from time to time the amount of capacity which may be available for release and over what time period(s).
- 3. The Utility may elect to prearrange releases, solicit bids for releases, post open offers for releases with the applicable pipeline, or any combination thereof which it determines from time to time to best achieve the goal of minimizing costs.

C. <u>BILLING</u>

Billing for released capacity shall be made by the interstate pipeline directly to acquiring customers and shippers. Shippers acquiring released capacity shall be billed by the pipeline at the awarded rate plus applicable usage charges and surcharges. The Utility will receive credit from the interstate pipeline for the payment of reservation charges and reservation surcharges due from the acquiring shipper.

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SPECIAL SUPPLEMENTARY TARIFF INTERSTATE PIPELINE CAPACITY SERVICES PROVISION SOUTHERN NEVADA DIVISION

(Continued)

II. <u>CAPACITY RELEASE SERVICE</u> (Continued)

D. RECALL OF RELEASED CAPACITY

- 1. Capacity released by the Utility shall be made subject to recall when the Utility has determined that retaining such recall rights is in the best interest of its Priority 1 and Priority 2 customers.
- 2. The order in which existing capacity release transactions are recalled shall be that which either (1) best addresses the operational needs of Priority 1 and Priority 2 sales customers, or (2) maximizes remaining capacity release credits.

E. <u>ACCOUNTING FOR CAPACITY RELEASE CREDITS</u>

All capacity release credits received by the Utility shall be credited to Account No. 191, Unrecovered Purchased Gas Costs.

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