



SOUTHWEST GAS CORPORATION

April 1, 2016

TO ALL HOLDERS OF
SOUTHWEST GAS CORPORATION
ARIZONA GAS TARIFF NO. 7

Subject: Revision No. 283

This revision complies with Federal Energy Regulatory Commission (FERC) Order 809 (Docket No. G-01551A-16-0027). FERC Order 809 makes changes to the scheduling practices used by interstate pipelines, including changes to transportation nomination cycle times and a new intraday nomination cycle. These changes are effective on April 1, 2016.

The following changes should be made in your copy of Southwest Gas' Arizona Gas Tariff No. 7:

Insert A.C.C. Sheet No.

5th Revised Sheet No. 54
4th Revised Sheet No. 56
4th Revised Sheet No. 57
4th Revised Sheet No. 63

Supersedes A.C.C. Sheet No.

4th Revised Sheet No. 54
3rd Revised Sheet No. 56
3rd Revised Sheet No. 57
3rd Revised Sheet No. 63

Matthew Derr
Regulatory Manager/Arizona

Schedule No. T-1

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS
(Continued)

3. RATES (Continued)

The Utility may adjust from time to time the applicable charges to any individual customer, provided, however, that such adjusted rates are mutually acceptable to both the customer and the Utility.

In addition to the above charges and any applicable imbalance charges, the Utility shall include on the customer's bill any charges from upstream pipeline transporters or suppliers which have been incurred by the Utility because of the transportation service rendered for the customer under this schedule.

3.2 Any customer served under this schedule who requests service under a sales schedule will be permitted to change schedules to the extent that the Utility is able to procure additional gas supply and upstream pipeline resources and services to serve the customer's incremental sales volumes. Upon switching from transportation to sales service, the customer's gas cost component of the customer's commodity charge per therm will be determined as follows:

(a) Any customer served under this schedule who switches to a gas sales schedule will be billed the higher of the following charges for the gas cost component of the customer's commodity charge per therm for a period of 12 months:

(1) The Monthly Gas Cost component of the currently effective tariff rate contained in the customer's applicable sales schedule as stated in the Statement of Rates; or

(2) The incremental cost of gas procured by the Utility to serve the customer's additional sales volumes, including upstream interstate pipeline charges,

(b) Customers electing to return to sales service may be charged all, or a portion of the cost of any upstream pipeline resources incurred by the Utility to provide such service.

Exclusive of any charges pursuant to Section 3.2 (b) above, after the conclusion of the initial 12-month period of receiving sales service, the customer shall be billed at the Currently Effective Tariff Rate.

3.3 The charges specified for this schedule are subject to adjustment for the applicable proportionate part of any taxes, assessments or governmental impositions assessed on the Utility.

Schedule No. T-1

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS
(Continued)

6. OPERATING PROCEDURES

Nominations Made to the Utility: The customer or Agent must provide nomination(s) to the Utility via a Utility-approved method no later than the nomination deadlines set forth below:

Cycle 1 (Timely Nominations)	11:00 a.m. Pacific Clock Time on the day prior to flow
Cycle 2 (Evening Nominations)	4:00 p.m. Pacific Clock Time on the day prior to flow
Cycle 3 (Intraday Nominations)	8:00 a.m. Pacific Clock Time on the flow day
Cycle 4 (Intraday Nominations)	12:30 p.m. Pacific Clock Time on the flow day
Cycle 5 (Intraday Nominations)	5:00 p.m. Pacific Clock Time on the flow day

- (a) Customers or their Agents may submit Nominations for multiple days (Standing Nominations), provided such Nominations are within the term of the customer's transportation service agreement. The Utility will confirm whether it has sufficient operational capacity to deliver all or a portion of the customer's gas.
- (b) Nominations received after a deadline will be processed for the following cycle with the exception that late Cycle 5 Nominations will not be processed. The Utility will confirm the volumes nominated for Cycle 1 (Timely Nominations) through all five cycles regardless of upstream cuts in scheduled quantities, unless the Utility receives a revised Nomination from the responsible party for any subsequent cycle.
- (c) Intraday Nominations will replace existing Standing Nominations only for the duration of the flow day requested.

Schedule No. T-1

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS
(Continued)

6. OPERATING PROCEDURES (Continued)

- (d) Balancing quantities nominated under the provisions of Section 6.9 herein as well as any gas to be scheduled under the Title Assignment provisions of the Special Supplementary Tariff — Interstate Pipeline Capacity Services Provisions must be separately identified in the Nomination. The Utility shall determine and notify the customer if there is sufficient operating flexibility to schedule such quantities. The Utility will only accept balancing and Title Assignment quantities for Cycle 1 Nominations.
- (e) Nominations for multiple customer premises must specify the quantity of gas to be scheduled at each of the Utility's receipt points with its upstream interstate pipeline(s). The customer or Agent must specify, prior to the flow day, the method to be used by the Utility for allocating imbalances among individual customers. If the allocation method is not specified prior to the flow day, the Utility will allocate any imbalances pro rata from the Cycle 1 Nomination.

6.2 Limitation Upon the Utility's Transportation Obligations: Customer shall cause deliveries into the Utility's system of volumes to be transported hereunder to be made at approximately a uniform rate. On any operating day, the Utility may refuse to accept quantities of gas that result in fluctuations in excess of 20 percent from the volumes transported during the previous operating day. Fluctuations in excess of 20 percent shall only be allowed if prior approval has been obtained from the Utility's dispatcher.

6.3 Records of Scheduled Quantities:

- (a) The Utility shall keep accurate records of the quantities of gas scheduled for transportation and any imbalances, which records shall be made available to the customer at its request. If the customer's gas is commingled with other gas at the Receipt Point or at the Delivery Point(s), the scheduling arrangements and the Utility's records shall include procedures for the division of the total quantity at such points.
- (b) On any day when a customer's metered quantity differs from the sum of the customer's scheduled transportation quantity and approved imbalance adjustment, the difference shall be balanced subject to Sections 6.9 and 7 herein.

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Schedule No. T-1

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS
(Continued)

7. TRANSPORTATION IMBALANCE SERVICE (Continued)

7.1 Imbalance Trading: (Continued)

- (b) Trading of imbalance quantities may not reduce a customer's monthly imbalance beyond a zero imbalance level. A customer may not trade to establish an imbalance in the opposite direction of the customer's original imbalance.
- (c) Once customers have agreed on the terms of a trade, both parties must complete, and send to the Utility by a Utility-approved method, a copy of the Imbalance Trading Request Form (Form No. 879.0). The Utility will then validate the trade and adjust the participants' accounts. The Imbalance Trading Request Form must be received by the Utility within twenty-four (24) hours of the close of the trading period. No confirmation of an imbalance trade will be made until signed forms are received via a Utility-approved method from both parties. The customer is solely responsible to monitor Southwest Vista to confirm whether the trade is validated.
- (d) After the imbalance trading period, excess imbalance charges (see Sections 7.2 and 7.3) will be applied to all imbalance quantities in excess of the applicable monthly operating window.
- (e) Cumulative imbalances for customers with multiple meters under a single transportation service agreement will be determined by subtracting the customer's aggregated metered volume, including the effect of any adjustment for cycle billing, from the total volume scheduled under the customer's service agreement. Imbalances will be allocated between the customer's meters based on metered volumes, including the effect of any adjustment for cycle billing. Customers with multiple meters will not be allowed to trade imbalances based on individual meters or sales accounts.
- (f) The customer is solely responsible for contacting other transportation customers to explore opportunities for trading imbalances.
 - (1) Southwest assesses its transportation volume charges based on the transportation billing quantities, adjusted for any volumes traded pursuant to this section.
 - (2) It is the customer's sole responsibility to consider all gas supply, interstate and intrastate cost impacts when transacting imbalance trades.

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