



SOUTHWEST GAS CORPORATION

January 27, 2009

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

Subject: Revision No. 157

This revision reflects authorization by the Arizona Corporation Commission for Southwest to: (1) Revise its daily balancing provision; and (2) Revise its capacity release provisions. These revisions are in accordance with Decision No. 70616 in Docket No. G-01551A-08-0458.

Please make the following changes in your copy of Southwest's Arizona Gas Tariff No. 7:

Insert A.C.C. Sheet No.

2nd Revised Sheet No. 59
1st Revised Sheet No. 93
1st Revised Sheet No. 94-103

Supersedes A.C.C. Sheet No.

1st Revised Sheet No. 59
Original Sheet No. 93
Original Sheet No. 98-103

Debra S. Gallo
Director, Government and State Regulatory Affairs

DSG:tl
Attachment

SCHEDULE NO. T-1

TRANSPORTATION OF CUSTOMER-SECURED NATURAL GAS
(Continued)

6. OPERATING PROCEDURES (Continued)

6.8 Processing Requests for Transportation Service: (Continued)

- (d) Upstream Pipeline Resources. Demonstration of upstream interstate pipeline resources and services that are equivalent to the level of service requested from the Utility. A reasonable demonstration of equivalent resources and services may be made by presentation of a contract between the customer and upstream provider, an affidavit from the customer detailing the customer's confirmed upstream resources and services, or any other means acceptable to the Utility. Customers must notify the Utility immediately upon the acquisition of, or any change in, upstream interstate pipeline resources and services.

Upon receipt of all of the information specified above, the Utility shall prepare and tender to the customer for execution a transportation service agreement. If the customer fails to execute the service agreement within 30 days of the date tendered, the customer's request shall be deemed null and void.

- 6.9 Balancing: Notwithstanding all other provisions of this schedule, customers must endeavor to schedule supplies at the Utility's Receipt Points that match the customer's demands. Imbalances, defined as the difference between metered quantity and scheduled transportation quantity, established in excess of the customer's applicable daily or monthly operating windows, will be subject to imbalance charges as set forth in Section 7 of this schedule. Any imbalance (plus or minus) carried forward, as well as any Utility-approved imbalance nomination, shall be considered first through the meter during the next applicable daily or monthly period.

- (a) Daily Balancing: Transportation customers are provided a daily operating window under which the customer's daily imbalance must be within plus or minus 25 percent ($\pm 25\%$) of the daily scheduled transportation quantities, plus any Utility-approved imbalance adjustment quantity, or 35,000 therms, whichever is greater. If, in the Utility's sole good faith judgment, operating conditions permit and upon request from the customer, the Utility will increase the daily operating window.

The Utility may reduce a transportation customer's daily operating window as necessary to protect system integrity or to respond to upstream pipeline conditions. The daily window will be adjusted pursuant to the following conditions:

SPECIAL SUPPLEMENTARY TARIFF
INTERSTATE PIPELINE CAPACITY SERVICES PROVISION
(Continued)

I. TITLE ASSIGNMENT SERVICE (Continued)

F. CHANGES IN RATES

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

G. ACCOUNTING FOR TITLE ASSIGNMENT REVENUES

All 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

Capacity Release Service will be provided by the Utility pursuant to the terms and conditions set forth in the Utility's upstream interstate pipeline service providers FERC-approved tariffs. All capacity release credits received by the Utility shall be credited to Account No. 191, Unrecovered Purchased Gas Costs.

SOUTHWEST GAS CORPORATION
P.O. Box 98510
Las Vegas, Nevada 89193-8510
Arizona Gas Tariff No. 7
Arizona Division

Canceling _____ First Revised A.C.C. Sheet No. 94-103
_____ Original A.C.C. Sheet No. 98-103

HELD FOR FUTURE USE

Issued On August 29, 2008 Issued by John P. Hester Effective October 1, 2008
Docket No. G-01551A-08-0458 Senior Vice President Decision No. 70616