

Schedule No. SB-1

STANDBY GAS SERVICE

APPLICABILITY

Applicable to gas service to customers for stand-by service or as a back-up energy resource when the customer's requirements cannot be adequately served under the Utility's otherwise applicable sales schedules.

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

Basic Service Charge: The basic service charge shall be that set forth in the customer's service agreement.

Reservation Charge: The reservation charge per month shall be the maximum daily therms sold to the customer under this rate schedule during the most recent 12-month period or those set forth in the customer's service agreement (hereinafter referred to as "maximum daily quantity") at an individual rate negotiated and agreed upon by the customer and the Utility times 30 days. This charge shall not be less than costs incurred by the Utility to provide this service.

If, on any day, the customer exceeds the maximum daily quantity by an amount over 3 percent of such quantity, the customer will pay for such excess volumes at the above negotiated reservation charge rate. The customer's total purchased volumes for that day shall establish a new maximum daily quantity, until such time as a substitute quantity may be negotiated between customer and the Utility.

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STANDBY GAS SERVICE
(Continued)

RATES (Continued)

Commodity Charge: In the event gas is taken under this schedule, the customer's commodity charge will be the Delivery Charge per therm in the customer's applicable sales schedule; plus the higher of:

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.

The minimum charge is the sum of the Basic Service Charge and the Reservation Charge set forth in the customers service agreement.

SPECIAL CONDITIONS

1. Prior to the establishment of service under this schedule, the customer shall execute a service agreement. If subsequently the customer should add facilities that would increase capacity demands upon the Utility's system or exceed quantities of gas deliveries by the Utility as previously mutually agreed upon, then the customer will notify the Utility so that a revised service agreement can be executed.
2. The charges specified for this schedule are subject to adjustment for the applicable proportionate part of any taxes or governmental impositions which are assessed on the basis of the gross revenues of the Utility.
3. Nothing herein shall prevent the Utility from transferring customers served hereunder back to their otherwise applicable sales or optional schedule if costs or conditions change. However, if any customer is able to qualify for service under more than a single rate schedule, the customer may select the schedule which the customer reasons as the most advantageous for gas service by the Utility.

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(Continued)

SPECIAL CONDITIONS (Continued)

4. In the event any customer served under this rate schedule elects to receive service under their otherwise applicable tariff rate schedule, such customer may receive service pursuant to terms and conditions normally available to new customers under the Utility's Arizona Gas Tariff.

RULES AND REGULATIONS

The standard Rules and Regulations of the Utility as authorized by the Commission shall apply where consistent with this schedule.

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

Canceling 1st Revised A.C.C. Sheet No. 80
Original A.C.C. Sheet No. 80

HELD FOR FUTURE USE

Issued On December 31, 2011
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Issued by
John P. Hester
Senior Vice President

Effective January 1, 2012
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SOUTHWEST GAS CORPORATION
P.O. Box 98510
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Original A.C.C. Sheet No. 81-86
Canceling _____ A.C.C. Sheet No. _____

HELD FOR FUTURE USE

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