

Rule No. 3

ESTABLISHMENT OF SERVICE

A. INFORMATION FROM APPLICANTS

1. The Utility may request the following minimum information from each new applicant for service:
 - a. Name or names of applicant(s), including information regarding co-applicant(s).
 - b. Identification that is acceptable to the Utility.
 - c. Service address or location and telephone number.
 - d. Previous address
 - e. Billing address or location and telephone number, if different than service address.
 - f. Address where service was provided previously.
 - g. Date applicant will be ready for service.
 - h. Indication of whether premises have previously been supplied with the Utility's service.
 - i. Purpose for which service is to be used.
 - j. Indication of whether applicant is owner or tenant of or agent for the premises.
 - k. Information concerning the natural gas usage and demand requirements of the customers so as to determine which tariff schedule is applicable.
 - l. Type and kind of life-support equipment, if any, used by the customer.
 - m. Third party notification. If an applicant or customer who is elderly and/or handicapped lists a third party whom they wish notified to receive copies of the bills in the event that their service is scheduled for discontinuance in accordance with Rule No. 10, such third party's name, address and telephone number shall be noted on the application for service.

RULE NO. 3
ESTABLISHMENT OF SERVICE
(Continued)

A. INFORMATION FROM APPLICANTS (Continued)

A form will be sent to the third party, stating that such a request has been made, and requesting the third party to sign such acceptance of this arrangement. Upon receipt of such acceptance, the Utility will notify the third party by sending copies of bills and providing notification of any pending discontinuance so that the third party may make arrangements for payment satisfactory to the Utility prior to such discontinuance.

2. The Utility may require a new applicant for service to appear at the Utility's designated place of business to produce proof of identity, the date of occupancy and sign the Utility's application form.

3. Purpose

The application is a request for service and does not bind the applicant to take service for a period of time longer than that upon which the rates and minimum charge of the applicable tariff schedule is based; neither does it bind the Utility to serve except under reasonable conditions and in accordance with the applicable rates.

In the absence of a signed application or contract for service, the supplying of natural gas service by the Utility and acceptance thereof by the customer shall be deemed to constitute a service agreement by and between the Utility and the customer for delivery, acceptance of and payment for service, subject to the Utility's applicable rates and rules and regulations.

4. Where service is requested by or supplied to two or more individuals, the Utility shall have the right to collect the full amount owed to the Utility from any of the individuals.

5. Change in Customer's Name, Equipment or Operations

In the event that a customer shall make any change in name or in the amount or character of natural gas appliances or apparatus installed upon the premises, the customer shall promptly notify the Utility of such change.

RULE NO. 3

ESTABLISHMENT OF SERVICE
(Continued)

A. INFORMATION FROM APPLICANTS (Continued)

6. Connection of Service

The Utility shall connect natural gas service within five working days or as soon thereafter as possible after a request for service has been received and approved.

B. ESTABLISHMENT AND REESTABLISHMENT OF CREDIT/DEPOSITS

1. Establishment of Credit

a. Residential

(1) The Utility shall not require a deposit from a new applicant for residential service if the applicant is able to meet any of the following requirements:

(a) The applicant has had service of a comparable nature with the Utility at another service location within the past two years and was not delinquent in payment more than twice during the last 12 consecutive months or disconnected for nonpayment.

(b) The applicant can provide the Utility with a letter regarding credit verification from a natural gas or electric utility where service of a comparable nature was last received which states that the applicant has had service within the past two years and was not delinquent in payment more than twice during the last 12 consecutive months or disconnected for nonpayment.

Rule No. 3

ESTABLISHMENT OF SERVICE
(Continued)

B. ESTABLISHMENT AND REESTABLISHMENT OF CREDIT/DEPOSITS (Continued)

a. Residential (Continued)

- (2) When credit cannot be established to the satisfaction of the Utility, the applicant will be required to:
- (a) Pay the deposit amount billed by the date specified on the bill or make acceptable payment arrangements, or
 - (b) Place a deposit utilizing cash or an acceptable credit card to secure payment of bills for service as prescribed herein, or
 - (c) Provide a surety bond acceptable to the Utility in an amount equal to the required deposit.

b. Nonresidential

- (1) The Utility shall not require a deposit from a new applicant for nonresidential service if the applicant has had service of a comparable nature within the preceding 24 months at another service location with Southwest Gas and a satisfactory payment history was established.
- (2) When a deposit is required from a new applicant for nonresidential service, the applicant will be required to:
- (a) Pay the deposit amount billed by the date specified on the bill or make acceptable payment arrangements, or
 - (b) For amounts not exceeding five thousand dollars (\$5,000), place a deposit utilizing cash or an acceptable credit card to secure payment of bills for service as prescribed herein, or
 - (c) Furnishes a surety bond, letter of credit, or other means acceptable to the Utility for payment to the Utility in an amount equal to the required deposit.

2. Reestablishment of Credit

a. Former Customers with an Outstanding Balance

RULE NO. 3

ESTABLISHMENT OF SERVICE

(Continued)

B. ESTABLISHMENT AND REESTABLISHMENT OF CREDIT/DEPOSITS *(Continued)*

An applicant who has been a customer of the Utility and who is indebted to the Utility will be required to reestablish credit by paying all delinquent bills (unless collection of such debt is barred by law) and by depositing the amount prescribed herein.

b. Delinquent Customers

(1) A customer whose natural gas service has been discontinued for nonpayment of bills for service will be required, before service is restored, to reestablish credit by paying all delinquent bills (unless collection of such debt is barred by law) and by depositing the amount prescribed herein.

(2) A customer who becomes delinquent in the payment of three or more bills within a consecutive 12-month period or has been disconnected from service during the last 12 months may be required to reestablish credit by providing the Utility with a deposit or an additional amount to increase an existing deposit.

(3) Residential customer deposits shall not exceed two times the highest monthly bill and nonresidential customer deposits shall not exceed two and one-half times the highest monthly bill.

c. Change In Conditions Upon Which Credit Was Originally Established

A nonresidential customer may be required to reestablish credit where, after review and evaluation, the basis on which credit was originally established has materially changed and a condition of risk is determined to exist.

3. Deposits

a. The amount of a deposit required by the Utility to establish or reestablish credit shall be determined according to the following terms:

Rule No. 3

ESTABLISHMENT OF SERVICE
(Continued)

B. ESTABLISHMENT AND REESTABLISHMENT OF CREDIT/DEPOSITS (Continued)

3. Deposits (Continued)

- (1) Residential customer deposits shall not exceed two times the customer's estimated average monthly bill.
- (2) Nonresidential customer deposits shall not exceed two and one-half times the customer's estimated maximum monthly bill.
- b. The Utility may bill the customer for any required deposit amount provided that credit and payment arrangements have been made according to the Utility's policy and procedures.
- c. Applicability to Unpaid Accounts

Deposits and interest prescribed herein will be applied to unpaid bills owing to the Utility when service is discontinued or terminated, or in the event the customer declares bankruptcy or becomes otherwise insolvent.

d. Refund of Deposits

- (1) Upon discontinuance of service, the Utility will refund any balance of the deposit, plus applicable interest, in excess of unpaid bills. The Utility will return any credit balance by check to the last known customer address.
- (2) After a residential customer has, for 12 consecutive months, paid all bills without being delinquent more than twice, the Utility shall refund the deposit with earned interest within 30 days.
- (3) After a nonresidential customer has, for 24 consecutive months, paid all bills prior to the next regular billing, the Utility shall refund the deposit with earned interest within 30 days.
- (4) In the case of refunding a deposit which has been made by an agency from the Utility Assistance Fund (Fund) established by A.R.S. 46-731 to provide assistance for eligible customers, such deposit shall be refunded to the Fund. The standard Rules and Regulations of the Utility as authorized by the Arizona Corporation Commission shall apply to these refunds.

Rule No. 3

ESTABLISHMENT OF SERVICE
(Continued)

B. ESTABLISHMENT AND REESTABLISHMENT OF CREDIT/DEPOSITS (Continued)

3. Deposits (Continued)

e. Interest on Deposits

The Utility will pay interest on cash deposits held by the Company twelve (12) months or longer. The interest rate shall be the established one-year U.S. Treasury Constant Maturities rate, effective on the first business day of the year, as published on the Federal Reserve Website.

f. The Utility may review the customer's usage after service has been connected and adjust the deposit amount based upon the customer's actual usage.

g. A separate deposit may be required for each meter installed.

h. The Utility shall issue a non-negotiable receipt to the applicant for the deposit. The inability of the customer to produce such a receipt shall in no way impair his right to receive a refund of the deposit which is reflected on the Utility's records.

C. GROUNDS FOR REFUSAL OF SERVICE

1. The Utility has the right, but not the responsibility, to refuse to establish service if any of the following conditions exists:

a. The applicant has an outstanding amount due for the same class of service with the Utility and the applicant is unwilling to make satisfactory arrangements with the Utility for payment.

b. A condition exists which in the Utility's judgment is unsafe or hazardous to the applicant, the customer, the general population, or the Utility's personnel or facilities.

c. Refusal by the applicant to provide the Utility with a deposit when the customer has failed to meet the credit criteria for waiver of deposit requirements.

Rule No. 3

ESTABLISHMENT OF SERVICE
(Continued)

C. GROUND FOR REFUSAL OF SERVICE (Continued)

- d. Customer is known to be in violation of the Utility's tariffs filed with and approved by the Commission.
- e. Failure of the customer to furnish such funds, service, equipment, and/or rights-of-way necessary to serve the customer and which have been specified by the Utility as a condition for providing service.
- f. Applicant falsifies his or her identity for the purpose of obtaining service.
- g. Where service has been discontinued for fraudulent use, in which case Rule No. 11 will apply.
- h. If the intended use of the service is for any restricted apparatus or prohibited use.
- i. Failure of the applicant to provide an easement in a form and upon terms that are satisfactory to the Utility when such is requested by the Utility as provided in Rule No. 8D.

2. Notification to Applicants or Customers

When an applicant or customer is refused service or service has been discontinued under the provisions of this rule, the Utility will notify the applicant or customer of the reasons for the refusal to serve and of the right of applicant or customer to appeal the Utility's decision to the Commission.

D. SERVICE ESTABLISHMENT, REESTABLISHMENT OR RECONNECTION

- 1. To recover the operating and clerical costs, the Utility shall collect a service charge whenever service is established, reestablished or reconnected as set forth and referred to as "Service Establishment Charge" in the currently effective Statement of Rates, A.C.C. Sheet No. 15 of this Arizona Gas Tariff. This charge will be applicable for (1) establishing a new account, (2) reestablishing service at the same location where the same customer had ordered a service disconnection, or (3) reconnecting service after having been discontinued for nonpayment of bills or for failure to otherwise comply with filed rules or tariff schedules.

RULE NO. 3

ESTABLISHMENT OF SERVICE

(Continued)

F. CHANGE TO PERMANENT STATUS

1. If temporary service is supplied to customer on a continuous basis for a period of 36 consecutive months from the date natural gas service first was provided under this rule, the customer shall be classified as permanent and the payment for the cost of facilities in excess of that required for permanent service under the applicable extension rules shall be refunded.
2. If during the temporary service the character of a temporary customer's operations changes so that, in the opinion of the Utility, the customer should be reclassified as permanent, the amount of payment for cost of facilities made in excess of that required for permanent service shall be refunded to the customer.

G. REFUNDS

The amount of refund upon reclassification of a customer from temporary to permanent will be determined on the basis of the extension rule in effect at the time temporary service was first rendered to the customer.