



SOUTHWEST GAS CORPORATION

February 27, 2018

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

Subject: Revision No. 316

This revision reflects approval by the Arizona Corporation Commission of Southwest Gas' new rate schedule, G-65 "Biogas and Renewable Natural Gas Services".

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

<u>Insert A.C.C. Sheet No.</u>		<u>Supersedes A.C.C. Sheet No.</u>
8th	Revised Sheet No. 3	7th Revised Sheet No. 3
Original	Revised Sheet No. 41A	
Original	Revised Sheet No. 41B	
Original	Revised Sheet No. 41C	
Original	Revised Sheet No. 41D	
Original	Revised Sheet No. 41E	
Original	Revised Sheet No. 41F	

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Arizona Gas Tariff No. 7

Arizona Division

8th Revised A.C.C. Sheet No. 3
 Canceling 7th Revised A.C.C. Sheet No. 3

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Issued On February 26, 2018
 Docket No. G-01551A-17-0286

Issued by
 Justin Lee Brown
 Vice President

Effective February 26, 2018
 Decision No. 76589

Schedule No. G-65

BIOGAS AND RENEWABLE NATURAL GAS SERVICES

1. APPLICABILITY

Service under this schedule applies to suppliers of Biogas and suppliers of Renewable Natural Gas ("Applicant"). This schedule provides the general terms and conditions that apply to the Applicant(s) and their interconnection to the Utility's facilities and the Utility's receipt of Biogas or Renewable Natural Gas (RNG) into its facilities from such interconnection point(s).

2. TERRITORY

Throughout the certificated area served by the Utility in the communities set forth on A.C.C. Sheet No. 8 of this Arizona Gas Tariff.

3. RATES

The Utility and Applicant(s) will negotiate a mutually agreeable rate structure based on the Utility's cost of service ("Services Fee"), which includes depreciation, return on capital investment, taxes, and operational expenses. The Services Fee shall be set forth in negotiated agreements dependent upon the type of service provided by the Utility such as; a) Biogas Gathering Agreement ("Gathering Agreement"), b) Biogas Cleaning and Upgrading Agreement ("Upgrading Agreement") or c) RNG Interconnection and Transportation Agreement ("RNG Transportation Agreement"), or any other applicable agreement required to effectuate service under this Tariff. Contract agreements qualifying for service under this Rate Schedule, shall be subject to review and approval by the Commission.

The Services Fee will be in addition to the charges for gas delivery service required to deliver gas from the interconnection point(s) to another location on the Utility's facilities. The delivery charges are set forth in the Applicant's applicable gas sales service tariff schedule or the charges set forth in the Applicant's service agreement.

4. BIOGAS SERVICE

4.1 ACCESS TO UTILITY-OWNED BIOGAS FACILITIES AND INTERCONNECTION POINTS

The Applicant(s) and the Utility shall execute an operating and/or other necessary agreement(s) prior to the interconnection and commencement of Biogas flowing into Utility-Owned Biogas Facilities. Upon written agreement between Applicant(s) and Utility, Utility shall provide the Applicant(s) access to Utility-Owned Biogas Facilities at a Biogas interconnection point, according to the provisions of that agreement(s) and this Tariff. Terms of access to Utility-Owned Biogas Facilities and Biogas interconnection points will be determined by the agreement(s) between Applicant(s) and Utility. Nothing in this provision shall be interpreted as creating a requirement that the Utility gather, clean, upgrade or purchase any Biogas. Further, nothing in this provision shall be interpreted as requiring Utility to enter a written agreement with Applicant(s) for access to Utility-Owned Biogas Facilities.

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BIOGAS AND RENEWABLE NATURAL GAS SERVICES
(Continued)

5. RENEWABLE NATURAL GAS SERVICE

If any of the RNG tendered for receipt into the Utility's facilities fails at any time to conform to the quality specifications set forth herein or in any agreement between the Utility and the Applicant(s), the Utility may refuse to accept receipt of non-conforming RNG. The Utility's refusal to accept non-conforming RNG does not relieve the Applicant of any of its obligations under this Tariff or its agreements with the Utility. The Utility will notify the Applicant when the Applicant's RNG does not conform to Utility specifications. However, such notification does not relieve the Applicant of its responsibility to monitor test results and to take corrective action if needed. The Utility may elect to accept non-conforming RNG at its sole discretion. The Utility's acceptance of RNG that does not conform to these specifications does not constitute a waiver of the Utility's right to refuse to accept similarly non-conforming RNG.

A. RENEWABLE NATURAL GAS SPECIFICATIONS

1. RNG must meet the gas quality specifications identified in the Agreement and in Rule No. 7 of the Arizona Gas Tariff, as adopted and periodically updated by the Commission.
2. RNG received into the Utility's system shall conform to the gas quality specifications identified in the Agreement at the time of receipt.
3. RNG must not contain hazardous substances at concentration levels which would prevent or unduly impact the merchantability of RNG, be injurious to Utility facilities, or which would present a health and/or safety hazard to Utility employees, customers, and/or the public.
4. Source-specific RNG Testing shall vary based on the source of the RNG:
 - a. RNG sourced from non-hazardous waste landfills shall be tested for all Health and Pipeline Integrity Protective Constituents.
 - b. RNG sourced from dairies shall be tested for Ethylbenzene, Hydrogen Sulfide, n-Nitroso-di-n-propylamine, Mercaptans, Toluene and all Health and Pipeline Integrity Protective Constituents.
 - c. RNG sourced from public- or private-owned treatment works (water and sewage treatment plants) and other sources of RNG shall be tested for p-Dichlorobenzene, Ethylbenzene, Hydrogen Sulfide, Mercaptans, Toluene, Vinyl Chloride, and all Health and Pipeline Integrity Protective Constituents.

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BIOGAS AND RENEWABLE NATURAL GAS SERVICES
(Continued)

5. RENEWABLE NATURAL GAS SERVICE (continued)

B. RENEWABLE NATURAL GAS TESTING

Pre-injection testing and periodic testing will be conducted according to the detailed provisions in the Agreement. The Applicant's gas will not be accepted into the Utility's Distribution Pipeline System without successfully meeting all pre-injection requirements.

1. The Utility will collect samples at the interconnection point. The Applicant will collect samples upstream of the Utility meter. Samples will be analyzed by independent certified third party laboratories. Retesting shall be allowed to verify and validate the results. The cost of retesting shall be borne by the entity requesting the retest.
2. This provision does not prohibit the Utility from engaging in discretionary gas or facility testing on its system. The Applicant will not be financially responsible for Utility discretionary testing.

C. ACCESS TO RENEWABLE NATURAL GAS INTERCONNECTION POINTS

Upon agreement(s) between Applicant and Utility, Utility shall provide the Applicant(s) access to an interconnection point to the Utility's Distribution Pipeline System for the purpose of physically interconnecting with the Utility's distribution facilities and the delivery of RNG into the Utility's Distribution Pipeline System, according to the provisions of agreement(s) between the Applicant and the Utility and this Tariff. Nothing in this provision shall be interpreted as creating a requirement that the Utility purchase, transport or distribute any RNG. Further, nothing in this provision shall be interpreted as requiring Utility to enter a written agreement with Applicant(s) to provide access to Utility's Distribution Pipeline System for RNG.

1. Interconnection Terms of Access

The Utility will perform interconnection-related work under the following conditions:

- a. The interconnection and physical flow of the RNG can be received into the Utility's existing facilities in so far that it does not jeopardize the integrity or normal operation of the Utility's Distribution Pipeline System and without adversely affecting service to the Utility's end-use customers. The specific interconnection point(s) will be determined by the Utility and identified in the Agreement(s).

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BIOGAS AND RENEWABLE NATURAL GAS SERVICES
(Continued)

5. RENEWABLE NATURAL GAS SERVICE (continued)

C. ACCESS TO RENEWABLE NATURAL GAS INTERCONNECTION POINTS
(continued)

1. Interconnection Terms of Access (continued)

- b. The maximum capacity for RNG received into the Utility's Distribution Pipeline System at the interconnection point(s) will be determined by the size of the facilities and the Utility's ability to redeliver the RNG downstream of the interconnection point(s), including the metering and odorization capacities. The maximum capacity for the RNG received into the Utility's Distribution Pipeline System at any specific interconnection point is not the capacity of the Utility's Biogas cleaning and upgrading facilities or the Utility's pipeline system to transport gas away from that interconnection point and is not, nor is it intended to be, any commitment by the Utility of any cleaning and upgrading capacity or takeaway capacity.
- c. The available capacity for an Applicant to deliver RNG into the Utility's Distribution Pipeline System may, on any day, be affected by physical flows from the RNG supplier or by other interconnection points, physical pipeline capacity, daily pipeline operating conditions, and end-use demand on the Utility's Distribution Pipeline System.
- d. The Utility shall be responsible for the Utility's engineering study to determine the Utility's take away capacity and the ability to receive RNG into the Utility's Distribution Pipeline System.
- e. The Applicant(s) shall be responsible for and shall pay the other costs associated with the evaluation, design and construction of facilities to provide RNG. Such costs may include, but are not limited to: engineering studies, engineering, construction, materials, equipment and pipeline capacity. The Utility shall own and operate all facilities on the Utility's side of the interconnection point(s).
- f. The Applicant(s) shall execute a standard agreement(s), which shall contain a description of all work to be performed by the Utility, as well as the costs and payment terms to be made by the Applicant(s) to the Utility.

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BIOGAS AND RENEWABLE NATURAL GAS SERVICES
(Continued)

5. RENEWABLE NATURAL GAS SERVICE (continued)

C. ACCESS TO RENEWABLE NATURAL GAS INTERCONNECTION POINTS
(continued)

1. Interconnection Terms of Access (continued)

- g. The Applicant(s), at its expense, shall obtain all land rights, easements, permits and/or other authorizations, and shall design and construct the piping, valves, filter separators, and other equipment that is required at the interconnection point(s) to effectuate deliveries of the RNG to the Utility, in accordance with sound and prudent industry practices and complies with all applicable laws, rules, and regulations of any authority having jurisdiction.
- h. The Applicant(s) shall install and maintain in good working condition the necessary pressure regulation or compression and flow equipment to effectuate delivery of RNG to the interconnection point(s) at or above the prevailing pressure required by the Utility's Distribution Pipeline System. The Applicant's equipment shall be designed and installed to protect the Utility's Distribution Pipeline System from exposure to pressures more than the Utility's Distribution Pipeline System maximum operating pressure at the interconnection point(s).
- i. The Applicant(s) and the Utility shall execute an operating and/or other necessary agreement(s) prior to the final interconnection and the commencement of RNG flowing into the Utility's Distribution Pipeline System.

6. PROHIBITION OF BIOGAS AND RENEWABLE NATURAL GAS FROM HAZARDOUS WASTE FACILITIES

- A. Biogas and RNG from hazardous waste facilities, including landfills permitted by the Arizona Department of Environmental Quality, will not be gathered, processed, cleaned, upgraded, purchased, accepted or transported on Utility-Owned Biogas Facilities or Utility's Distribution Pipeline System.
- B. Before an Applicant can interconnect with the Utility's Distribution Pipeline System, the Biogas and/or RNG supplier must demonstrate that the Biogas used in the process of creating the RNG was not collected from a facility or landfill designated as a hazardous waste facility.

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BIOGAS AND RENEWABLE NATURAL GAS SERVICES
(Continued)

7. DEFINITIONS

Biogas:	A mixture of methane, carbon dioxide, and other constituents that is produced by the anaerobic digestion with anaerobic bacteria or fermentation of biodegradable materials such as biomass (manure, sewage, green waste, plant material, crops, and municipal waste or landfills).
Hazardous Waste Facility:	For the purposes of this Schedule, hazardous waste facility shall be given the same definition as 'facility' in Arizona Revised Statutes A.R.S. § 49-921(2).
Health and Pipeline Integrity Protective Constituents:	Any constituent that may cause a premature pipeline failure or exceed the manufacturer's specified carrying constituents.
Interconnection Point:	Place at which Applicant's facilities connect with Company facilities.
Merchantability:	The ability to purchase, sell or market Biogas or Renewable Natural Gas.
Renewable Natural Gas (RNG):	A biogas which has been upgraded to pipeline quality gas by increasing the percentage of methane in Biogas by removing carbon dioxide and other trace components and adding a warning odorant. When upgraded, it is possible to distribute via the existing natural gas pipeline system.
Utility-Owned Biogas Facilities:	Facilities used to gather Biogas or upgrade Biogas to pipeline quality gas that is owned and operated by Utility, including but not limited to gathering pipelines, Biogas cleaning systems and Biogas upgrading systems.
Utility's Distribution Pipeline System:	The Utility-owned facilities used to provide natural gas service to the Utility's customers.