



SOUTHWEST GAS STORAGE
An ENERGY TRANSFER Company

December 30, 2021

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Southwest Gas Storage Company
Implement New Services at Market-Based Rates
Docket No. RP22-_____

Dear Ms. Bose:

Southwest Gas Storage Company (Southwest) hereby electronically submits for filing with the Federal Energy Regulatory Commission (Commission), as part of its FERC NGA Gas Tariff, Second Revised Volume No. 1, the revised tariff records listed on Appendix A hereto proposed to become effective February 1, 2022.

STATEMENT OF NATURE, REASONS AND BASIS

Southwest is proposing to implement tariff revisions in compliance with the Commission's December 20, 2021 Order on Petition for Declaratory Order (Order)¹ which approved Southwest's request for authorization to provide the proposed no-notice storage, parking, loan and gas balancing services at market-based rates in Docket No. RP21-1146-000. Pursuant to Ordering Paragraph C of the Order, Southwest is submitting the instant filing to implement market-based rates for these new services in both the East and West Areas.

The addition of the proposed new services necessitates numerous conforming changes to existing tariff sections that refer to additional or modified terms, describe the services provided by Southwest or reference the individual rate schedules. The proposed revisions are more fully described below.

Currently Effective Rates (Part IV)

Currently Effective Rates tariff records for Rate Schedules NNS, FPS, FLS, and IGB have been added with a notation that the amounts to be charged per dekatherm are market-based rates that are set forth in each shipper's no-notice storage, parking, loan or balancing service agreement. The record associated with Rate Schedule ISS is included due to a change in the Description portion of the header which does not show as redlined.

Rate Schedules (Part V)

- Rate Schedule NNS – reflects the terms and conditions for the new no-notice storage service, which includes the execution of a No-Notice Storage Agreement and a Firm Storage Service Agreement. The combination allows shippers the flexibility to manage the netting of any deviations from a shipper's nominations against a shipper's storage balance. Rate Schedule NNS includes the rates and charges applicable to the service.

¹ *Southwest Gas Storage Company*, 177 FERC ¶ 61,210 (2021).

- Rate Schedule FPS – reflects the terms and conditions for the new firm parking service including the maximum park quantity, maximum daily injection quantity and maximum daily withdrawal quantity. Rate Schedule FPS includes the rates and charges applicable to the service.
- Rate Schedule FLS – reflects the terms and conditions for the new firm loan service including the maximum loan quantity, maximum daily withdrawal quantity and maximum daily injection quantity. Rate Schedule FLS includes the rates and charges applicable to the service.
- Rate Schedule IGB – reflects the terms and conditions for the new interruptible gas balancing service including the maximum park or loan quantities and the maximum daily injection or withdrawal quantities. Rate Schedule IGB includes the rates and charges applicable to the service.
- Rate Schedule ISS is included due to a change in the Description portion of the header which does not show as redlined.

General Terms and Conditions (Part VI)

Throughout Southwest's tariff, the term "storage service" has been changed to "storage, parking, loan or balancing service" and the term "Storage Service Agreement" has been revised to state "Storage Service Agreement, No-Notice Storage Service Agreement, Parking Service Agreement, Loan Service Agreement or Balancing Service Agreement".

Form of Service Agreement (Part VII)

Form of Service Agreement tariff records for Rate Schedules NNS, FPS, FLS and IGB have been added following the general format and structure of Southwest's existing form of service agreements. The Form of Service Agreement for Rate Schedule ISS is included due to a change in the Description portion of the header which does not show as redlined. The Form of Service Agreement for Capacity Release has been updated to include the additions of Maximum Park Quantity and Maximum Loan Quantity (Article 1); Rate Schedules FPS and FLS (Article 3); and Parking Service and Loan Service (Article 6). Additionally, Exhibit A, which shows the quantities pertaining to release, has been updated to add Rate Schedules FPS and FLS as well as Maximum Park Quantity and Maximum Loan Quantity, while Exhibit B, which shows the charges pertaining to release, has been updated to add the Rate per Dekatherm (Dt) for Rate Schedules FPS and FLS. Lastly, a previously Reserved tariff record has been cancelled and removed from the Table of Contents (Part VII).

IMPLEMENTATION

Pursuant to Section 154.7(a)(9) of the Commission's Regulations, Southwest requests that the proposed tariff records be accepted effective February 1, 2022. Southwest respectfully requests that the Commission grant any and all waivers of its regulations it deems necessary in order to accept the tariff records effective February 1, 2022, as proposed.

CONTENTS OF THE FILING

This filing is made in electronic format in compliance with Section 154.4 of the Commission's Regulations. In addition to the proposed tariff records in RTF format with metadata attached, the XML filing package contains:

- . A transmittal letter with Appendix A in PDF format
- . A clean copy of the proposed tariff record in PDF format
- . A marked version of the proposed tariff changes in PDF format
- . A copy of the complete filing in PDF format for publishing in eLibrary

COMMUNICATIONS, PLEADINGS AND ORDERS

Southwest requests that all Commission orders and correspondence as well as pleadings and correspondence from other parties concerning this filing be served on the following:

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In accordance with Section 154.2(d) of the Commission's Regulations, a copy of this filing is available for public inspection during regular business hours at Southwest's office at 1300 Main Street, Houston, Texas 77002. In addition, copies of this filing are being served electronically on jurisdictional customers and interested state regulatory agencies. Southwest has posted this filing on its Internet website accessible via <http://swgsmessenger.energytransfer.com> under Informational Postings, Regulatory.

Pursuant to Section 385.2005(a) of the Commission's Regulations, the undersigned has read this filing and knows its contents, the contents are true as stated, to the best of his knowledge, and belief, and possesses full power and authority to sign such filing.

² Designated to receive service pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure. Southwest respectfully requests that the Commission waive Rule 203(b)(3), 18 C.F.R. § 385.203(b)(3), in order to allow Southwest to include additional representatives on the official service list.

³ Designated as responsible Company official under Section 154.7(a)(2) of the Commission's Regulations.

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Respectfully submitted,

SOUTHWEST GAS STORAGE COMPANY

/s/ Lawrence J. Biediger

Lawrence J. Biediger
Sr. Director, Rates and Regulatory Affairs

SOUTHWEST GAS STORAGE COMPANY
FERC NGA Gas Tariff
Second Revised Volume No. 1

Proposed to be effective February 1, 2022

<u>Version</u>	<u>Description</u>	<u>Title</u>
7.0.0	Part I	Table of Contents
3.0.0	Part IV	Currently Effective Rates
0.0.0	2. Rate Schedule NNS	Currently Effective Rates
0.0.0	3. Rate Schedule FPS	Currently Effective Rates
0.0.0	4. Rate Schedule FLS	Currently Effective Rates
28.0.0	5. Rate Schedule ISS	Currently Effective Rates
0.0.0	6. Rate Schedule IGB	Currently Effective Rates
1.0.0	Part V	Rate Schedules
0.0.0	2. Rate Schedule NNS	No-Notice Storage Service
0.0.0	3. Rate Schedule FPS	Firm Parking Service
0.0.0	4. Rate Schedule FLS	Firm Loan Service
4.0.0	5. Rate Schedule ISS	Interruptible Storage Service
0.0.0	6. Rate Schedule IGB	Interruptible Gas Balancing
7.0.0	GT&C Section 1.	Definitions
4.0.0	GT&C Section 3.	Nomination and Scheduling of Services
3.0.0	GT&C Section 4.	Curtailement and Interruption
8.0.0	GT&C Section 6.	Capacity Release
6.0.0	GT&C Section 7.	Contracting for Service Rights
3.0.0	GT&C Section 11.	Electronic Communication System
2.0.0	GT&C Section 13.	Responsibility, Warranty and Assignments
1.0.0	GT&C Section 15.	Force Majeure
4.0.0	GT&C Section 16.	Creditworthiness
2.0.0	GT&C Section 18.	Miscellaneous
2.0.0	Part VII	Form of Service Agreements
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0.0.0	3. Rate Schedule FPS	Form of Service Agreement
0.0.0	4. Rate Schedule FLS	Form of Service Agreement
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Part IV
Currently Effective Rates

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CURRENTLY EFFECTIVE RATES
RATE SCHEDULE NNS

Each rate set forth on this tariff section is the currently effective rate pertaining to the particular rate schedule to which it is referenced, but each such rate is separate and independent and the change in any such rate shall not thereby effect a change in any other rate schedule.

	<u>Rate Per Dt</u>
<u>West Area</u>	
No-Notice Reservation Charge	Market Based (1) (2)
 <u>East Area</u>	
No-Notice Reservation Charge	Market Based (1) (2)

- (1) Market Based rates are set forth in each Shipper's No-Notice Storage Service Agreement.
- (2) The No-Notice Reservation Charge is in addition to applicable charges under Rate Schedule FSS as stated in Shipper's Firm Storage Service Agreement.

CURRENTLY EFFECTIVE RATES
RATE SCHEDULE FPS

Each rate set forth on this tariff section is the currently effective rate pertaining to the particular rate schedule to which it is referenced, but each such rate is separate and independent and the change in any such rate shall not thereby effect a change in any other rate schedule.

	<u>Rate Per Dt</u>
<u>West Area</u>	
Firm Parking Reservation Charge	Market Based (1)
Firm Parking Injection Charge	Market Based (1)(2)
Firm Parking Withdrawal Charge	Market Based (1)
Fuel Reimbursement	
Injection	Market Based (1)
Withdrawal	Market Based (1)
<u>East Area</u>	
Firm Parking Reservation Charge	Market Based (1)
Firm Parking Injection Charge	Market Based (1)(2)
Firm Parking Withdrawal Charge	Market Based (1)
Fuel Reimbursement	
Injection	Market Based (1)
Withdrawal	Market Based (1)

- (1) Market Based rates are set forth in each Shipper's Parking Service Agreement.
(2) The ACA Unit Charge is applicable to Shippers pursuant to Section 3.3 of Rate Schedule FPS and is charged separately.

CURRENTLY EFFECTIVE RATES
RATE SCHEDULE FLS

Each rate set forth on this tariff section is the currently effective rate pertaining to the particular rate schedule to which it is referenced, but each such rate is separate and independent and the change in any such rate shall not thereby effect a change in any other rate schedule.

	<u>Rate Per Dt</u>
<u>West Area</u>	
Firm Loan Reservation Charge	Market Based (1)
Firm Loan Injection Charge	Market Based (1)(2)
Firm Loan Withdrawal Charge	Market Based (1)
Fuel Reimbursement	
Injection	Market Based (1)
Withdrawal	Market Based (1)
<u>East Area</u>	
Firm Loan Reservation Charge	Market Based (1)
Firm Loan Injection Charge	Market Based (1)(2)
Firm Loan Withdrawal Charge	Market Based (1)
Fuel Reimbursement	
Injection	Market Based (1)
Withdrawal	Market Based (1)

- (1) Market Based rates are set forth in each Shipper's Loan Service Agreement.
(2) The ACA Unit Charge is applicable to Shippers pursuant to Section 3.3 of Rate Schedule FLS and is charged separately.

CURRENTLY EFFECTIVE RATES
RATE SCHEDULE ISS

Each rate set forth on this tariff section is the currently effective rate pertaining to the particular rate schedule to which it is referenced, but each such rate is separate and independent and the change in any such rate shall not thereby effect a change in any other rate schedule.

	<u>Rate Per Dt</u>
<u>West Area</u>	
Inventory Charge	Market Based (1)
Authorized Overrun Charge	Market Based (1)
ACA Unit Charge	(2)
Fuel Reimbursement	
Injection	Market Based (1)
Withdrawal	Market Based (1)
<u>East Area</u>	
Inventory Charge	Market Based (1)
Authorized Overrun Charge	Market Based (1)
ACA Unit Charge	(2)
Fuel Reimbursement	
Injection	Market Based (1)
Withdrawal	Market Based (1)

- (1) Market Based rates are set forth in each Shipper's Storage Service Agreement.
(2) The ACA Unit Surcharge is applicable to Shippers pursuant to Section 3.4 of Rate Schedule ISS and is charged separately.

CURRENTLY EFFECTIVE RATES
RATE SCHEDULE IGB

Each rate set forth on this tariff section is the currently effective rate pertaining to the particular rate schedule to which it is referenced, but each such rate is separate and independent and the change in any such rate shall not thereby effect a change in any other rate schedule.

	<u>Rate Per Dt</u>
<u>West Area</u>	
Interruptible Balancing Charge	Market Based (1)
Interruptible Balancing Injection Charge	Market Based (1)(2)
Interruptible Balancing Withdrawal Charge	Market Based (1)
Fuel Reimbursement	
Injection	Market Based (1)
Withdrawal	Market Based (1)
<u>East Area</u>	
Interruptible Balancing Charge	Market Based (1)
Interruptible Balancing Injection Charge	Market Based (1)(2)
Interruptible Balancing Withdrawal Charge	Market Based (1)
Fuel Reimbursement	
Injection	Market Based (1)
Withdrawal	Market Based (1)

- (1) Market Based rates are set forth in each Shipper's Balancing Service Agreement.
(2) The ACA Unit Charge is applicable to Shippers pursuant to Section 3.3 of Rate Schedule IGB and is charged separately.

Part V
Rate Schedules

1. Rate Schedule FSS	Firm Storage Service
2. Rate Schedule NNS	No-Notice Storage Service
3. Rate Schedule FPS	Firm Parking Service
4. Rate Schedule FLS	Firm Loan Service
5. Rate Schedule ISS	Interruptible Storage Service
6. Rate Schedule IGB	Interruptible Gas Balancing Service

RATE SCHEDULE NNS
NO-NOTICE STORAGE SERVICE

1. AVAILABILITY

This Rate Schedule NNS is available to any person (Shipper) for the purchase of no-notice storage service from Southwest Gas Storage Company (Southwest) upon execution of a No-Notice Storage Service Agreement and a Firm Storage Service Agreement, under Rate Schedule FSS, in the form provided for in this Tariff.

Shipper shall arrange separately for any upstream and/or downstream transportation attendant to the no-notice storage service provided hereunder and Shipper shall pay separately for such transportation services.

Southwest is not obligated to provide any no-notice storage service for which capacity is not available, which would constrain the operational efficiency of its facilities, or which would require the construction, purchase or acquisition of new facilities or the modification or expansion of existing facilities.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule shall apply to all no-notice storage service rendered by Southwest to Shipper through use of Southwest's West Area Storage Facilities and East Area Storage Facilities pursuant to an executed No-Notice Storage Service Agreement. No-notice service is combined with Shipper's rights to Firm Storage Service under a Firm Storage Service Agreement for service under Rate Schedule FSS to allow Shipper the flexibility to manage the netting of any deviations from Shipper's nominations against Shipper's Storage Balance.

(A) No-notice storage service rendered to Shipper under this Rate Schedule shall allow Shipper to alter, without nominating, Shipper's injections or withdrawals, at points specified in Shipper's No-Notice Storage Service Agreement, from nominations made by Shipper under Rate Schedule FSS, by any amount, plus or minus, up to Shipper's No-Notice Maximum Daily Quantity (No-Notice MDQ), as set forth in Shipper's No-Notice Storage Service Agreement, without complying with the deadlines for nominations under GT&C Section 3.1; provided:

- (1) Shipper may not use no-notice deviations from nominations to exceed Shipper's Maximum Daily Injection Quantity (MIQ) set forth in Shipper's Firm Storage Service Agreement unless Southwest agrees to Authorized Injection Overrun Quantities (as defined in FSS Rate Schedule 2.2.B);
- (2) Shipper may not use no-notice deviations from nominations to exceed Shipper's Maximum Daily Withdrawal Quantity (MWQ) set forth in

Shipper's Firm Storage Service Agreement unless Southwest agrees to Authorized Withdrawal Overrun Quantities (as defined in FSS Rate Schedule 2.3.B); and

- (3) Shipper may not use no-notice deviations from nominations to allow Shipper's Storage Balance to exceed Shipper's Maximum Annual Quantity (MAQ) set forth in Shipper's Firm Storage Service Agreement or to be less than zero (0).

3. RATE

The rates and charges for no-notice storage service under this Rate Schedule NNS shall include the applicable rate components as described in Sections 3.1.

3.1 No-Notice Charges

For no-notice storage service rendered to Shipper under this Rate Schedule NNS, Shipper shall pay Southwest each Month the following charge as set forth in the Shipper's No-Notice Storage Service Agreement:

(A) No-Notice Reservation Charge

The monthly Reservation Charge shall be the product of Shipper's No-Notice MDQ and the reservation rate per Dt as set forth in Shipper's No-Notice Storage Service Agreement.

4. MONTHLY BILL

The monthly bill for no-notice storage service shall be the sum of the No-Notice Reservation Charge as defined in Section 3 of this Rate Schedule at rates and terms set forth in Shipper's No-Notice Storage Service Agreement.

5. TERM

The term for service under this Rate Schedule shall be set forth in Shipper's No-Notice Storage Service Agreement.

6. RESERVATIONS

Southwest reserves the unilateral right from time to time to make any changes to, or to supersede, the terms in this Rate Schedule NNS and the other provisions of Southwest's FERC Gas Tariff, and the applicability thereof, subject to the provisions of the Natural Gas Act, the Natural Gas Policy Act and the Commission's Regulations thereunder.

7. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of Southwest's FERC Gas Tariff are applicable to this Rate Schedule and are hereby made a part hereof.

RATE SCHEDULE FPS
FIRM PARKING SERVICE

1. AVAILABILITY

This Rate Schedule FPS is available to any person (Shipper) for the purchase of natural gas parking service on a firm basis from Southwest Gas Storage Company (Southwest) upon execution of a Parking Service Agreement in the form provided for in this Tariff.

Shipper shall arrange separately for any upstream and/or downstream transportation attendant to the firm parking service provided hereunder and Shipper shall pay separately for such transportation services.

Southwest is not obligated to provide any parking service for which capacity is not available, which would constrain the operational efficiency of its facilities, or which would require the construction, purchase or acquisition of new facilities or the modification or expansion of existing facilities.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule shall apply to all firm parking service rendered by Southwest to Shipper through use of Southwest's West Area Storage Facilities and East Area Storage Facilities pursuant to an executed Parking Service Agreement. Firm parking service rendered by Southwest to Shipper under this Rate Schedule shall consist of:

- (A) The receipt on any Day during the injection period, as stated in Shipper's executed Parking Service Agreement, and injection into storage of Shipper's gas per Shipper's nomination up to the Maximum Daily Injection Quantity (MIQ), as stated in Shipper's executed Parking Service Agreement, provided that Shipper delivers the nominated quantity plus Fuel Reimbursement to the Point(s) of Receipt, and Shipper's Park Balance has not exceeded Shipper's Maximum Park Quantity (MPQ);
- (B) The tender by Shipper of sufficient Quantities of Gas under Section 2.1(A) to ensure that Shipper's Park Balance equals Shipper's MPQ at the end of the injection period, provided that, if Shipper's injections during the injection period are curtailed by Southwest, Shipper shall have a reasonable period of time immediately following the Injection period to make injections as necessary for Shipper's Park Balance to equal its MPQ;
- (C) The storage of gas in amounts up to Shipper's MPQ; and
- (D) The withdrawal from storage on any Day during the withdrawal period, as stated in the Shipper's executed Parking Service Agreement, and delivery of Shipper's

gas per Shipper's nomination to the Point(s) of Delivery up to the Maximum Daily Withdrawal Quantity (MWQ), as stated in Shipper's executed Parking Service Agreement, provided the Shipper has a Quantity of Gas in Shipper's Park Balance not less than the quantity Shipper shall have nominated for withdrawal on such Day.

Unless otherwise requested to do so by Southwest, Shipper shall not have the right to inject or withdraw Quantities of Gas for periods other than those stated in the Shipper's executed Parking Service Agreement.

- 2.2 If Shipper fails to reduce the parked Quantities of Gas to zero (0) under this Rate Schedule at the agreed upon time set forth in Shipper's Parking Service Agreement, Southwest may take, free and clear of any adverse claims, title to such gas, unless otherwise agreed to by Southwest and Shipper, in a not unduly discriminatory manner.

3. RATE

The rates and charges for firm parking service under this Rate Schedule FPS shall include the applicable parking rate components as described in Sections 3.1, 3.2 and 3.3.

3.1 Parking Charges

For parking service rendered to Shipper under this Rate Schedule FPS, Shipper shall pay Southwest each Month the sum of the following charges as set forth in the Shipper's Parking Service Agreement:

(A) Firm Parking Reservation Charge

The monthly charge for each Dt of Shipper's MPQ. The Reservation Charge shall be prorated for the first and last contract months to adjust for the number of days during those months for which service is contracted.

(B) Firm Parking Injection Charge

A charge for each Dt of Shipper's Quantity injected into Southwest's facilities pursuant to Section 2.1(A) of this Rate Schedule during a given Month.

(C) Firm Parking Withdrawal Charge

A charge for each Dt of Shipper's Quantity withdrawn from Southwest's facilities pursuant to Section 2.1(D) of this Rate Schedule during a given Month.

3.2 Fuel Reimbursement

Shipper shall reimburse Southwest in kind for fuel usage pursuant to the terms and conditions of the Parking Service Agreement and as stated in the Shipper's Parking Service Agreement.

3.3 Annual Charge Adjustment Provision (ACA)

Shipper shall pay the ACA unit charge which has been assessed by the Federal Energy Regulatory Commission pursuant to Sections 382.202 and 154.402 of the Regulations. The ACA unit charge, as revised annually and posted on the Commission's website located at <http://www.ferc.gov>, is incorporated by reference in Southwest's Tariff. The annual charges unit charge (ACA unit charge) is stated on the Commission's website under "Industries & Data, Natural Gas, Overview, General Information, Annual Charges, FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge." The ACA unit charge is restated to be effective each October 1 on the first day of the Commission's fiscal year. The ACA unit charge shall be applicable to the Quantity injected into Southwest's facilities by Shipper, as provided for in Section 2.1(A), during any Month.

4. MONTHLY BILL

The monthly bill for parking service shall be the sum of the applicable Parking Charges as defined in Section 3 of this Rate Schedule at rates and terms set forth in Shipper's Parking Service Agreement.

5. TERM

The term for service under this Rate Schedule shall be set forth in Shipper's Parking Service Agreement.

6. RESERVATIONS

Southwest reserves the unilateral right from time to time to make any changes to, or to supersede, the terms in this Rate Schedule FPS and the other provisions of Southwest's FERC Gas Tariff, and the applicability thereof, subject to the provisions of the Natural Gas Act, the Natural Gas Policy Act and the Commission's Regulations thereunder.

7. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of Southwest's FERC Gas Tariff are applicable to this Rate Schedule and are hereby made a part hereof.

RATE SCHEDULE FLS
FIRM LOAN SERVICE

1. AVAILABILITY

This Rate Schedule FLS is available to any person (Shipper) for the purchase of natural gas loan service on a firm basis from Southwest Gas Storage Company (Southwest) upon execution of a Loan Service Agreement in the form provided for in this Tariff.

Shipper shall arrange separately for any upstream and/or downstream transportation attendant to the firm loan service provided hereunder and Shipper shall pay separately for such transportation services.

Southwest is not obligated to provide any loan service for which capacity is not available, which would constrain the operational efficiency of its facilities, or which would require the construction, purchase or acquisition of new facilities or the modification or expansion of existing facilities.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule shall apply to all firm loan service rendered by Southwest to Shipper through use of Southwest's West Area Storage Facilities and East Area Storage Facilities pursuant to an executed Loan Service Agreement. Firm loan service rendered by Southwest to Shipper under this Rate Schedule shall consist of:

- (A) The withdrawal from storage on any Day during the withdrawal period, as stated in Shipper's executed Loan Service Agreement, and delivery of gas to the Point(s) of Delivery, upon nomination and confirmation, of daily Quantities of Gas up to the Maximum Daily Withdrawal Quantity (MWQ), as stated in the Shipper's executed Loan Service Agreement, provided that Shipper's total withdrawals shall not exceed its Maximum Loan Quantity (MLQ);
- (B) The withdrawal by Shipper of sufficient Quantities of Gas under Section 2.1(A) to ensure that Shipper's Loan Balance equals Shipper's MLQ at the end of the withdrawal period, as stated in the Shipper's executed Loan Service Agreement; provided that, if Shipper's withdrawals during the withdrawal period are curtailed by Southwest, Shipper shall have a reasonable period of time immediately following the withdrawal period to make withdrawals as necessary for Shipper's Loan Balance to equal its MLQ;
- (C) The receipt on any Day during the injection period, as stated in Shipper's executed Loan Service Agreement, and injection into storage of Shipper's gas per Shipper's nomination up to the Maximum Daily Injection Quantity (MIQ), as stated in the Shipper's executed Loan Service Agreement, provided that Shipper

delivers the nominated quantity plus Fuel Reimbursement to the Point(s) of Receipt, and Shipper's total injections may not exceed Shipper's MLQ; and

- (D) The tender by Shipper of sufficient Quantities of Gas under Section 2.1(C) to ensure that Shipper's Loan Balance equals zero (0) at the end of the injection period, as stated in the Shipper's executed Loan Service Agreement.

Unless otherwise requested to do so by Southwest, Shipper shall not have the right to inject or withdraw Quantities of Gas for periods other than those stated in the Shipper's executed Loan Service Agreement.

- 2.2 If Shipper fails to replace or replenish the Quantities of Gas advanced by Southwest to Shipper under this Rate Schedule at the agreed upon time set forth in Shipper's Loan Service Agreement, Southwest may purchase replacement gas and Shipper shall pay Southwest the cost of the replacement gas, which shall include the cost of the replacement gas and any costs or penalties incurred by Southwest or its Shippers as a result of Shipper's failure to deliver replacement gas, including but not limited to, third-party marketing fees, transportation by third-party pipeline companies, and all other costs for securing replacement gas, unless otherwise agreed to by Southwest and Shipper, in a not unduly discriminatory manner.

3. RATE

The rates and charges for firm loan service under this Rate Schedule FLS shall include the applicable loan rate components as described in Sections 3.1, 3.2 and 3.3.

3.1 Loan Charges

For loan service rendered to Shipper under this Rate Schedule FLS, Shipper shall pay Southwest each Month the sum of the following charges as set forth in the Shipper's Loan Service Agreement:

- (A) Firm Loan Reservation Charge

The monthly charge for each Dt of Shipper's MLQ. The Reservation Charge shall be prorated for the first and last contract months to adjust for the number of days during those months for which service was contracted.

- (B) Firm Loan Injection Charge

A charge for each Dt of Shipper's Quantity injected into Southwest's facilities pursuant to Section 2.1(C) of this Rate Schedule during a given Month.

- (C) Firm Loan Withdrawal Charge

A charge for each Dt of Shipper's Quantity withdrawn from Southwest's facilities pursuant to Section 2.1(A) of this Rate Schedule during a given Month.

3.2 Fuel Reimbursement

Shipper shall reimburse Southwest in kind for fuel usage pursuant to the terms and conditions of the Loan Service Agreement and as stated in the Shipper's Loan Service Agreement.

3.3 Annual Charge Adjustment Provision (ACA)

Shipper shall pay the ACA unit charge which has been assessed by the Federal Energy Regulatory Commission pursuant to Sections 382.202 and 154.402 of the Regulations. The ACA unit charge, as revised annually and posted on the Commission's website located at <http://www.ferc.gov>, is incorporated by reference in Southwest's Tariff. The annual charges unit charge (ACA unit charge) is stated on the Commission's website under "Industries & Data, Natural Gas, Overview, General Information, Annual Charges, FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge." The ACA unit charge is restated to be effective each October 1 on the first day of the Commission's fiscal year. The ACA unit charge shall be applicable to the Quantity injected into Southwest's facilities by Shipper, as provided for in Section 2.1(C), during any Month.

4. MONTHLY BILL

The monthly bill for loan service shall be the sum of the applicable Loan Charges as defined in Section 3 of this Rate Schedule at rates and terms set forth in Shipper's Loan Service Agreement.

5. TERM

The term for service under this Rate Schedule shall be set forth in Shipper's Parking Service Agreement.

6. RESERVATIONS

Southwest reserves the unilateral right from time to time to make any changes to, or to supersede, the terms in this Rate Schedule FLS and the other provisions of Southwest's FERC Gas Tariff, and the applicability thereof, subject to the provisions of the Natural Gas Act, the Natural Gas Policy Act and the Commission's Regulations thereunder.

7. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of Southwest's FERC Gas Tariff are applicable to this Rate Schedule and are hereby made a part hereof.

RATE SCHEDULE ISS
INTERRUPTIBLE STORAGE SERVICE

1. AVAILABILITY

This Rate Schedule ISS is available to any person (Shipper) for the purchase of natural gas storage service on an interruptible basis from Southwest Gas Storage Company (Southwest) upon execution of a Storage Service Agreement in the form provided for in this Tariff.

Shipper shall arrange separately for any transportation attendant to the storage service provided hereunder and Shipper shall pay separately for such transportation services.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 The interruptible service rendered hereunder is the storage of natural gas up to a Maximum Annual Quantity (MAQ) as set forth in the Storage Service Agreement, with a Maximum Daily Withdrawal Quantity (MWQ) and a Maximum Daily Injection Quantity (MIQ) as provided herein, subject to the availability of capacity, the General Terms and Conditions and the further provisions of the Storage Service Agreement. Southwest is not obligated to provide any storage service for which capacity is not available, which would constrain the operational efficiency of its facilities, or which would require the construction, purchase or acquisition of new facilities or the modification or expansion of existing facilities.

2.2 Injections into Storage

(A) Shipper's MIQ shall be:

(1) West Area Storage Facilities

- (a) 1/180th of the MAQ until ninety percent (90%) of the MAQ has been injected;
- (b) Thereafter sixty percent (60%) of the volume specified in 2.2(A)(1)(a) above until ninety-five percent (95%) of the MAQ has been injected;
- (c) Thereafter thirty-five percent (35%) of the volume specified in 2.2(A)(1)(a) above.

(2) East Area Storage Facilities

- (a) 1/180th of the MAQ until seventy-five percent (75%) of the MAQ has been injected;

- (b) Thereafter sixty percent (60%) of the volume specified in 2.2(A)(2)(a) above until ninety percent (90%) of the MAQ has been injected;
- (c) Thereafter forty percent (40%) of the volume specified in 2.2(A)(2)(a) above.

(B) Authorized Injection Overrun Quantities

Upon request of Shipper, Southwest may, but is not obligated to, inject on any Day Quantities in excess of Shipper's MIQ when, in Southwest's sole judgment, the capacity of its system will permit such injection without impairing the ability of Southwest to meet its other obligations.

(C) Injection During the Withdrawal Season

Upon request of Shipper, Southwest may, but is not obligated to, inject on any Day during the Withdrawal Season Quantities up to Shipper's MIQ and any Authorized Injection Overrun Quantities when, in Southwest's sole judgment, the capacity of its system will permit such injection without impairing the ability of Southwest to meet its other obligations.

2.3 Withdrawals from Storage

(A) Shipper's MWQ shall be:

(1) West Area Storage Facilities

- (a) 1/100th of the MAQ until fifty percent (50%) of the MAQ has been withdrawn;
- (b) Thereafter sixty percent (60%) of the volume specified in 2.3(A)(1)(a) above until seventy-five percent (75%) of the MAQ has been withdrawn;
- (c) Thereafter thirty-three percent (33%) of the volume specified in 2.3(A)(1)(a) above.

(2) East Area Storage Facilities

- (a) 1/67th of the MAQ until sixty percent (60%) of the MAQ has been withdrawn;

- (b) Thereafter fifty percent (50%) of the volume specified in 2.3(A)(2)(a) above until eighty-five percent (85%) of the MAQ has been withdrawn;
- (c) Thereafter twenty-five percent (25%) of the volume specified in 2.3(A)(2)(a) above.

(B) Authorized Withdrawal Overrun Quantities

Upon request of Shipper, Southwest may, but is not obligated to, withdraw on any Day Quantities in excess of Shipper's MWQ when, in Southwest's sole judgment, the capacity of its system will permit such withdrawal without impairing the ability of Southwest to meet its other obligations. Shipper shall pay Southwest the applicable Authorized Overrun Charge for such Quantities as set forth in the Shipper's Storage Service Agreement.

(C) Withdrawal During Injection Season

Upon request of Shipper, Southwest may, but is not obligated to withdraw on any Day during the Injection Season Quantities of Gas up to Shipper's MWQ and any Authorized Withdrawal Overrun Quantities when, in Southwest's sole judgment, the capacity of its system will permit such withdrawal without impairing the ability of Southwest to meet its other obligations.

3. RATE

The rates and charges for interruptible service under this Rate Schedule ISS shall include the applicable storage rate components per Dt as described in Sections 3.1, 3.2 and 3.3.

3.1 Storage Charges

For storage service rendered to Shipper under this Rate Schedule ISS, Shipper shall pay Southwest each Month the Inventory Charge. The monthly charge per Dt is determined by multiplying the Average Storage Balance for the billing month by the Inventory Charge rate as set forth in the Shipper's Storage Service Agreement.

3.2 Authorized Overrun Charge

The Authorized Overrun Charge shall be equal to the applicable Authorized Overrun Charge rate, as set forth in Shipper's Storage Service Agreement, multiplied by the Quantity of Gas withdrawn from Southwest's facilities pursuant to Section 2.3(B).

3.3 Fuel Reimbursement

Shipper shall reimburse Southwest in kind for fuel usage pursuant to the terms and conditions of the Storage Service Agreement and as stated in Shipper's Storage Service Agreement.

3.4 Annual Charge Adjustment Provision (ACA)

Shipper shall pay the ACA unit charge which has been assessed by the Federal Energy Regulatory Commission pursuant to Sections 382.202 and 154.402 of the Regulations. The ACA unit charge, as revised annually and posted on the Commission's website located at <http://www.ferc.gov>, is incorporated by reference in Southwest's Tariff. The annual charges unit charge (ACA unit charge) is stated on the Commission's website under "Industries & Data, Natural Gas, Overview, General Information, Annual Charges, FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge." The ACA unit charge is restated to be effective each October 1 on the first day of the Commission's fiscal year. The ACA unit charge shall be applicable to the Quantity injected into Southwest's facilities by Shipper, as provided for in Section 2.2, during any Month.

4. MONTHLY BILL

The monthly bill for storage service shall be the sum of the applicable storage charges as defined in Section 3.1, the ACA Unit Charge, and an Authorized Overrun Charge, if applicable.

5. RESERVATIONS

Southwest reserves the unilateral right from time to time to make any changes to or to supersede, the terms in this Rate Schedule ISS and the other provisions of Southwest's FERC Gas Tariff, and the applicability thereof, subject to the provisions of the Natural Gas Act, the Natural Gas Policy Act and the Commission's Regulations thereunder.

6. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of Southwest's FERC Gas Tariff are applicable to this Rate Schedule and are hereby made a part hereof.

RATE SCHEDULE IGB
INTERRUPTIBLE GAS BALANCING

1. AVAILABILITY

This Rate Schedule IGB is available to any person (Shipper) for the purchase of natural gas balancing service on an interruptible basis from Southwest Gas Storage Company (Southwest) upon execution of a Balancing Service Agreement in the form provided for in this Tariff.

Shipper shall arrange separately for any upstream and/or downstream transportation attendant to the interruptible gas balancing service provided hereunder, and Shipper shall pay separately for such transportation services.

Southwest is not obligated to provide any storage service for which capacity is not available, which would constrain the operational efficiency of its facilities, or which would require the construction, purchase or acquisition of new facilities or the modification or expansion of existing facilities.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule shall apply to all interruptible gas balancing service rendered by Southwest to Shipper through use of Southwest's West Area Storage Facilities and East Area Storage Facilities pursuant to an executed Balancing Service Agreement. Interruptible gas balancing service rendered by Southwest to Shipper under this Rate Schedule shall consist of:

- (A) The injection on any Day into storage of Shipper's gas (less Fuel Reimbursement) or Shipper's loan payback gas to Southwest at Point(s) of Receipt, upon nomination and confirmation, up to the Shipper's Maximum Daily Injection Quantity (MIQ), as stated in Shipper's executed Balancing Service Agreement, provided that all higher priority service nominations for injection have been satisfied, and that Shipper has sufficient capacity available under its interruptible balancing Maximum Park Quantity (MPQ), as stated in Shipper's executed Balancing Service Agreement, to accommodate the nominated injection quantity;
- (B) The storage of gas in amounts up to Shipper's interruptible balancing MPQ, provided that all higher priority service and system needs have been met; and
- (C) The withdrawal from storage on any Day and delivery of Southwest's gas as loan gas or Shipper's gas to the Point(s) of Delivery, upon nomination and confirmation, up to the Shipper's Maximum Daily Withdrawal Quantity (MWQ) as stated in Shipper's executed Balancing Service Agreement, provided that all higher priority service nominations for withdrawal and system needs have been

met, and that Shipper has a Quantity of Gas stored in its Balancing Account or available under its interruptible balancing Maximum Loan Quantity (MLQ) that is not less than the quantity Shipper shall have nominated for withdrawal on such Day.

- 2.2 To the extent interruptible storage capacity or gas which is being utilized by an interruptible Shipper hereunder is needed by Southwest in order to satisfy Southwest's higher priority obligations or to meet system needs, Southwest may, at Southwest's reasonable judgement and upon giving notice to Shipper, interrupt the continuation of any or all services hereunder and Southwest shall require Shipper to withdraw or repay all, or any portion of, the interruptible gas balancing quantities held or loaned by Southwest for the account of Shipper, as specified by Southwest. Southwest's notice will specify the quantity required to be returned or withdrawn and the date by which the injection or withdrawal must be completed. Unless Southwest otherwise agrees, Shipper shall be required to make ratable injections or withdrawals.
- 2.3 If Shipper fails to withdraw such interruptible gas balancing quantities from storage, at the agreed upon time as stated in the Shipper's Balancing Service Agreement, or fails to withdraw in accordance with Southwest's notice as set forth in Section 2.2 above, Southwest may take, free and clear of any adverse claims, title to such interruptible gas balancing quantities as Shipper was instructed to withdraw, unless otherwise agreed to by Southwest and Shipper, in a not unduly discriminatory manner.
- 2.4 If Shipper fails to inject Quantities of Gas to replace gas advanced by Southwest to Shipper, at the agreed upon time as stated in the Shipper's Balancing Service Agreement, or fails to inject in accordance with Southwest's notice as set forth in Section 2.2 above, Southwest may purchase replacement gas and Shipper shall pay Southwest the cost of the replacement gas, which shall include the cost of the replacement gas and any costs or penalties incurred by Southwest or its Shippers as a result of Shipper's failure to deliver replacement gas, including but not limited to, third-party marketing fees, transportation by third-party pipeline companies, and all other costs for securing replacement gas, unless otherwise agreed to by Southwest and Shipper, in a not unduly discriminatory manner.

3. RATE

The rates and charges for interruptible gas balancing service under this Rate Schedule IGB shall include the applicable balancing rate components as described in Sections 3.1, 3.2 and 3.3.

3.1 Balancing Charges

For balancing service rendered to Shipper under this Rate Schedule IGB, Shipper shall pay Southwest each Month the sum of the following charges as set forth in the Shipper's Balancing Service Agreement:

(A) Interruptible Balancing Charge

A charge for each Dt of gas in Shipper's Balancing Account at the end of each Day, for each Day during a given Month, as set forth in Shipper's Balancing Service Agreement.

(B) Interruptible Balancing Injection Charge

A usage charge for each Dt of Shipper's gas tendered for injection pursuant to Section 2.1(A) of this Rate Schedule during a given Month, as set forth in Shipper's Balancing Service Agreement.

(C) Interruptible Balancing Withdrawal Charge

A usage charge for each Dt of Shipper's gas withdrawn pursuant to Section 2.1(C) of this Rate Schedule during a given Month, as set forth in Shipper's Balancing Service Agreement.

3.2 Fuel Reimbursement

Shipper shall reimburse Southwest in kind for fuel usage pursuant to the terms and conditions of the Balancing Service Agreement and as stated in Shipper's Balancing Service Agreement.

3.3 Annual Charge Adjustment Provision (ACA)

Shipper shall pay the ACA unit charge which has been assessed by the Federal Energy Regulatory Commission pursuant to Sections 382.202 and 154.402 of the Regulations. The ACA unit charge, as revised annually and posted on the Commission's website located at <http://www.ferc.gov>, is incorporated by reference in Southwest's Tariff. The annual charges unit charge (ACA unit charge) is stated on the Commission's website under "Industries & Data, Natural Gas, Overview, General Information, Annual Charges, FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge." The ACA unit charge is restated to be effective each October 1 on the first day of the Commission's fiscal year. The ACA unit charge shall be applicable to the Quantity injected into Southwest's facilities by Shipper, as provided for in Section 2.1(A), during any Month.

4. MONTHLY BILL

The monthly bill for balancing service shall be the sum of the applicable Balancing Charges as defined in Section 3 of this Rate Schedule at rates and terms set forth in Shipper's Balancing Service Agreement.

5. TERM

The term for service under this Rate Schedule shall be set forth in Shipper's Balancing Service Agreement.

6. RESERVATIONS

Southwest reserves the unilateral right from time to time to make any changes to, or to supersede, the terms in this Rate Schedule IGB and the other provisions of Southwest's FERC Gas Tariff, and the applicability thereof, subject to the provisions of the Natural Gas Act, the Natural Gas Policy Act and the Commission's Regulations thereunder.

7. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of Southwest's FERC Gas Tariff are applicable to this Rate Schedule and are hereby made a part hereof.

GENERAL TERMS AND CONDITIONS

The following General Terms and Conditions are applicable to all services provided herein:

1. DEFINITIONS

"Average Storage Balance" shall mean the sum of the daily Quantity of Gas, expressed in dekatherms, held by Southwest in storage for Shipper's account divided by the number of Days in a particular Month.

"Balancing Account" shall mean the Quantity of Gas, expressed in dekatherms, held by Southwest for Shipper or owed by Shipper to Southwest, provided that the Balancing Account shall never exceed Shipper's Maximum Park Quantity or Shipper's Maximum Loan Quantity, as specified in Shippers Balancing Service Agreement.

"Balancing Service Agreement" shall mean the executed agreement, in the form prescribed in this tariff, applicable to the particular Rate Schedule IGB, under which service is being provided.

"Business Day" shall mean Monday through Friday from 8:00 a.m. to 5:00 p.m. Central Clock Time, excluding Federal Banking Holidays.

"Central Time" or "Central Clock Time" shall mean the time in the Central Time Zone, as adjusted for Daylight Savings Time and Standard Time.

"Commission" or "FERC" shall mean the Federal Energy Regulatory Commission or any successor regulatory agency.

"Day" shall mean a period of twenty-four (24) consecutive hours beginning and ending at 9:00 a.m. Central Clock Time. The reference date for any Day shall be the date of the beginning of such Day.

"Dekatherm (Dt)" shall mean one thousand cubic feet of gas (Mcf) with a heat content of 1,000 Btu per cubic foot on a measurement basis specified under Section 9.2 herein and based on the same pressure base as the volumes.

"East Area" shall mean the area where service is provided by the East Area Storage Facilities.

"East Area Storage Facilities" shall mean those storage facilities owned by Southwest and known as the Howell Storage Field located in Livingston County, Michigan and the Waverly Storage Field located in Morgan and Sangamon Counties, Illinois in addition to acquired off-system capacity.

"Electronic Gas Measurement (EGM)" shall mean that form of measurement equipment used by Southwest which may consist of a computerized remote terminal unit, transducers and other

associated power, radio and sensing and other electronic devices to accomplish gas measurement and the transfer of data, without the use of charts.

"Fuel Reimbursement" shall mean the reimbursement in kind to Southwest by Shipper for fuel usage and lost or unaccounted for gas.

"Injection Season" shall mean the months of April, May, June, July, August, September and October.

"Loan Balance" shall mean the Quantity of Gas, expressed in dekatherms, that Southwest has loaned to Shipper, provided that the Loan Balance shall never exceed Shipper's Maximum Loan Quantity specified in Shipper's Loan Service Agreement.

"Loan Service Agreement" shall mean the executed agreement, in the form prescribed in this tariff, applicable to the particular Rate Schedule FLS, under which service is being provided, including a Capacity Release Service Agreement.

"Long-Term Agreement" shall mean a Storage Service Agreement, No-Notice Storage Service Agreement, Parking Service Agreement, Loan Service Agreement or Balancing Service Agreement with a primary term of one year or more.

"Market Based Rate" shall mean a rate that is negotiated based on market conditions and has no stated minimum or maximum value for storage, parking, loan or balancing service.

"Maximum Annual Quantity (MAQ)" shall mean the maximum Quantity of Gas which Southwest is obligated to hold for the account of Shipper as stated in Shipper's Storage Service Agreement.

"Maximum Daily Injection Quantity (MIQ)" shall mean the maximum Quantity which Southwest is obligated to inject for Shipper on any Day during the Injection Season as stated in Shipper's Storage, Parking, Loan or Balancing Service Agreement. .

"Maximum Daily Withdrawal Quantity (MWQ)" shall mean the maximum Quantity which Southwest is obligated to withdraw for Shipper on any Day during the Withdrawal Season as stated in Shipper's Storage, Parking, Loan or Balancing Service Agreement.

"Maximum Loan Quantity (MLQ)" shall mean the maximum Quantity of Gas that Southwest is obligated to loan to Shipper as stated in Shipper's Loan or Balancing Service Agreement.

"Maximum Park Quantity (MPQ)" shall mean the maximum Quantity of Gas which Shipper is allowed to park as stated in Shipper's Parking or Balancing Service Agreement.

"Messenger® system" shall mean the electronic communication system offered by Southwest on a nondiscriminatory basis to any person that has compatible equipment for electronic transmission of data; provided that such person has executed a Messenger® Agreement, has been assigned a USERID and password and agrees to comply with the procedures for access to and use of the Messenger® system.

"Month" shall mean the period beginning at 9:00 a.m. Central Clock Time on the first Day of the calendar month and continuing through the last Day of the calendar month.

"NGA" shall mean the Natural Gas Act of 1938, as amended.

"No-Notice Maximum Daily Quantity (No-Notice MDQ)" shall mean the Quantity of Gas, expressed in dekatherms, by which Shipper may deviate from its nominations pursuant to its Firm Storage Service Agreement, as stated in Shipper's No-Notice Storage Service Agreement.

"No-Notice Storage Service Agreement" shall mean the executed agreement, in the form prescribed in this tariff, applicable to the particular Rate Schedule NNS, under which service is being provided.

"Park Balance" shall mean Quantity of Gas, expressed in dekatherms, that Shipper has in Southwest's storage facilities for Shipper's account, provided that the Park Balance shall never exceed Shipper's Maximum Park Quantity specified in Shipper's Parking Service Agreement.

"Parking Service Agreement" shall mean the executed agreement, in the form prescribed in this tariff, applicable to the particular Rate Schedule FPS, under which service is being provided, including a Capacity Release Service Agreement.

"Point of Delivery" shall mean the interconnect of Panhandle Eastern Pipe Line Company, LP's (Panhandle) transmission facilities and Southwest's East Area Storage Facilities or West Area Storage Facilities whereby Southwest delivers gas withdrawn to or for the account of Shipper.

"Point of Receipt" shall mean the interconnect of Panhandle's transmission facilities and Southwest's East Area Storage Facilities or West Area Storage Facilities whereby Southwest receives gas for injection from or for the account of Shipper.

"Pre-arranged Replacement Shipper (PRS)" shall mean the entity designated by Releasing Shipper prior to the released capacity being posted on the Messenger® system. The PRS must be on the approved bidders list in accordance with Section 6.4(A) of the General Terms and Conditions and will become a Replacement Shipper upon selection of its bid as the best bid.

"Quantity of Gas" or **"Quantities"** shall mean the number of units of gas expressed in Dekatherms (Dt).

"Releasing Shipper" shall mean a firm Shipper that releases capacity pursuant to Section 6 herein.

"Replacement Shipper" shall mean any entity that obtains capacity from a Releasing Shipper pursuant to Section 6 herein.

"Shipper" shall mean the entity that has executed a storage, no-notice storage, parking, loan or balancing service agreement with Southwest for storage, parking, loan or balancing service or for any capacity release.

"Southwest" shall mean Southwest Gas Storage Company.

"Storage Balance" shall mean the Quantity of Gas, expressed in dekatherms, held by Southwest in storage for Shipper's account, provided that the Storage Balance shall never exceed Shipper's Maximum Annual Quantity as stated in Shipper's Firm Storage Service Agreement.

"Storage Service Agreement" shall mean the executed agreement, in the form prescribed in this tariff, applicable to the particular Rate Schedules, FSS or ISS, under which service is being provided, including a Capacity Release Service Agreement.

"Web Site" shall mean Southwest's HTML page accessible via the Internet's World Wide Web located at <http://swgsmessenger.energytransfer.com>.

"West Area" shall mean the area where service is provided by the West Area Storage Facilities.

"West Area Storage Facilities" shall mean those storage facilities owned by Southwest and known as the Borchers Storage Field located in Meade County, Kansas and the North Hopeton Storage Field located in Woods County, Oklahoma in addition to acquired off-system capacity.

"Withdrawal Season" shall mean the months of November, December, January, February and March.

GENERAL TERMS AND CONDITIONS

3. NOMINATION AND SCHEDULING OF SERVICES

3.1 Nomination Procedures

- (A) Shipper shall furnish or cause to be furnished to Southwest written nominations showing the daily Quantity of Gas to be injected or withdrawn by Southwest. The quantity of gas nominated at each Point of Receipt shall not exceed the MIQ, plus applicable Fuel Reimbursement, and the Quantity of Gas nominated at each Point of Delivery shall not exceed the MWQ, plus Fuel Reimbursement. Such nomination shall reflect Shipper's contract number, the Quantity of Gas to be injected or withdrawn, including Fuel Reimbursement, for each Point of Receipt and each Point of Delivery.
- (B) At the time a nomination is made for injection or withdrawal of gas, Shipper shall identify to Southwest the related transportation agreement(s) associated with deliveries to, or withdrawal from Southwest's storage fields.
- (C) Next Day Service

Shipper shall have the right to submit in writing a new nomination for any Day by submitting notice by 11:30 a.m. Central Time the preceding Day or such later time acceptable to Southwest. Such new or revised nomination shall conform to the requirements of Section 3.1 herein. Overrun Quantities may be requested either in Shipper's regular nomination or in a separate nomination.

Southwest shall support the following standard nomination cycle (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17):

The Timely Nomination Cycle
On the Day prior to gas flow:

- 1:00 p.m. Nominations leave control of the Shipper;
- 1:15 p.m. Nominations are received by Southwest (including from Title Transfer Tracking Service Providers (TTTSPs));
- 1:30 p.m. Southwest sends the quick response to the Shipper;
- 4:30 p.m. Southwest receives completed confirmations from confirming parties;
- 5:00 p.m. Shipper and point operator receive scheduled quantities from Southwest.

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day.

The Evening Nomination Cycle

On the day prior to gas flow:

- 6:00 p.m. Nominations leave control of the Shipper;
- 6:15 p.m. Nominations are received by Southwest (including from TTTSPs);
- 6:30 p.m. Southwest sends the quick response to the Shipper;
- 8:30 p.m. Southwest receives completed confirmations from confirming parties;
- 9:00 p.m. Southwest provides scheduled quantities to the affected Shippers and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Evening Nominations should be effective at the start of the next Gas Day.

In addition, at the end of each Day Southwest shall make available to Shippers information containing scheduled Quantities, including scheduled intraday nominations and any other scheduling changes.

Shipper shall specify a begin date and an end date for each nomination. Such begin date and end date shall be within the term of Shipper's Storage Service Agreement, Parking Service Agreement, Loan Service Agreement or Balancing Service Agreement. All nominations should be considered original nominations and should be replaced to be changed. When a nomination for a date range is received, each Day within that range is considered an original nomination. When a subsequent nomination is received for one or more Days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the Days specified. The Days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only. Should Shipper fail to provide this nomination on or before the nomination deadline, Southwest may deem Shipper's nomination to be zero.

Southwest shall have the right to refuse to inject or withdraw any gas not timely and properly nominated and confirmed. Shipper shall indemnify and hold Southwest harmless from and Southwest shall not be liable to Shipper or any other person as a direct or indirect consequence of such refusal.

(D) Intraday Nominations

Any nomination submitted after the deadline set forth in Section 3.1(B) above shall be an intra-day nomination. An intraday nomination shall be effective for one Day

only. An intraday nomination shall specify an effective date, time and the daily Quantity. The interconnected parties shall agree on the hourly flows for such Day.

Southwest shall support the following standard nomination cycles (all times are CT pursuant to NAESB WGQ Standard No. 0.3.17):

The Intraday 1 Nomination Cycle
On the current Gas Day:

- 10:00 a.m. Nominations leave control of the Shipper;
- 10:15 a.m. Nominations are received by Southwest (including from TTTSPs);
- 10:30 a.m. Southwest sends the quick response to the Shipper;
- 12:30 p.m. Southwest receives completed confirmations from confirming parties;
- 1:00 p.m. Southwest provides scheduled quantities to the affected Shipper and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day.

The Intraday 2 Nomination Cycle
On the current Gas Day:

- 2:30 p.m. Nominations leave control of the Shipper;
- 2:45 p.m. Nominations are received by Southwest (including from TTTSPs);
- 3:00 p.m. Southwest sends the quick response to the Shipper;
- 5:00 p.m. Southwest receives completed confirmations from confirming parties;
- 5:30 p.m. Southwest provides scheduled quantities to the affected Shipper and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day.

The Intraday 3 Nomination Cycle
On the current Gas Day:

- 7:00 p.m. Nominations leave control of the Shipper;
- 7:15 p.m. Nominations are received by Southwest (including from TTTSPs);
- 7:30 p.m. Southwest sends the quick response to the Shipper;
- 9:30 p.m. Southwest receives completed confirmations from confirming parties;

- 10:00 p.m. Southwest provides scheduled quantities to the affected Shipper and point operator.

Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle.

Any Shipper shall have the right for any Day to submit in writing intraday nominations for any storage, parking, loan or balancing service, subject to operator confirmation and verification and Southwest's operating conditions. Such intraday nomination shall conform to the requirements of Section 3.1(A) herein.

For purposes of NAESB WGQ Standard No. 1.3.2 (ii), (iii), (iv), and (v), the word "provides" shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

- (E) Shipper may change the person designated to provide the nomination information as set forth in the storage, parking, loan or balancing service agreement. If Shipper designates another person to provide this information, Southwest shall be entitled to rely on the nominations previously provided by Shipper unless and until Southwest receives written notice to the contrary.
- (F) Nominations shall also specify such information necessary to permit Southwest to accept Commission approved or permitted standard data elements to perform service.
- (G) Southwest shall have the unqualified right to commingle gas stored hereunder with gas from other sources, and to treat and handle all such gas as its own. It is recognized that gas redelivered will not be the same molecules as those received at the Point of Receipt.

3.2 Scheduling Procedure for Storage, Parking, Loan or Balancing Service

The Quantities nominated for storage, parking, loan or balancing by Shipper shall be scheduled by Southwest for injection, withdrawal and storage in the following order:

- (A) Firm storage, parking and loan services;
- (B) Interruptible storage and balancing services charged the highest Market Based Rate;
- (C) Interruptible storage and balancing services charged a rate less than the highest Market Based Rate in sequence starting with the rate most proximate to the highest Market Based Rate.

Within each of these categories, storage shall be scheduled, to the extent practicable, to maintain the existing volumes of service to each Shipper. For multiple nominations of interruptible storage and balancing services at the same rate as the highest Market Based Rate or at the same rate most proximate to the highest Market Based Rate, Quantities of Gas will be scheduled pro rata.

Authorized Overrun Withdrawal and Injection Quantities under Rate Schedule FSS shall be scheduled as interruptible.

GENERAL TERMS AND CONDITIONS

4. CURTAILMENT AND INTERRUPTION

Southwest shall have the right to curtail, interrupt or discontinue service in whole or in part on its system at any time under the following conditions and in the following manner:

- 4.1 Operating or remedial curtailment or interruption may be ordered by Southwest at any time if in Southwest's judgment capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes, the conduct of which will be affected thereby, upon such notice as is reasonable under the circumstances and in the following order, to the extent practicable:
- (A) Interruptible storage and balancing services shall be curtailed first in sequence starting with the rate least proximate to the highest Market Based Rate, and then with service which was initially provided most proximate to the date notice is given by Southwest of the particular curtailment or interruption.
 - (B) Firm storage, parking and loan services shall be curtailed last on a pro-rata basis. Such proration shall be based on Southwest's maximum firm contractual obligations to provide firm service.
- 4.2 Force Majeure curtailment or interruption may be ordered by Southwest as to service being performed by its system at any time when Force Majeure affects or in Southwest's judgment threatens to affect Southwest's ability to provide service, upon the giving of such notice as is reasonable under the circumstances.
- 4.3 Curtailment Compliance
- (A) Without regard to any other remedy provided by law or by the provisions hereof, Southwest shall be entitled to seek an order from the Commission or any other appropriate tribunal requiring compliance with curtailment or interruption ordered by Southwest in compliance with this Section 4 or any directive from any governmental authority having jurisdiction in the premises. Each Shipper and point operator shall designate one or more persons for Southwest to contact on operational matters on a 24-hour a day, 365 days a year basis. Telephone and facsimile numbers as well as e-mail address must be provided for such person or persons. If Southwest is unable to contact any Shipper or point operator because that Shipper's or point operator's contact person(s) is unavailable, such Shipper or point operator shall be responsible for any consequences arising from such failure of communications.
 - (B) Southwest may at any time notify Shipper of an interruption pursuant to this Section 4, in which event Shipper must immediately cease deliveries to or receipt of

gas from Southwest, in whole or in part as directed by Southwest, and may be required by Southwest to withdraw all or any part of the gas being held by Southwest for Shipper's account. If Shipper is required by Southwest to withdraw gas being held by Southwest for Shipper's account, Shipper shall be required to accept such gas over a period to be determined by Southwest and Shipper, but not to exceed five (5) Months.

4.4 Situation Reports and Notices

- (A) Southwest shall provide Shipper with notice of curtailment or interruption at a time and in a manner that is reasonable under the existing conditions, and shall in any event confirm in writing the notice given if originally provided telephonically or electronically.
- (B) Shipper shall have the responsibility to inform its suppliers, transporters and all others involved in the transaction, as to any curtailment or interruption.
- (C) Shipper shall indemnify Southwest against and hold Southwest harmless from any and all damages, claims, suits, actions or proceedings whatsoever threatened or initiated as a result of any curtailment or interruption invoked by Southwest.

GENERAL TERMS AND CONDITIONS

6. CAPACITY RELEASE

6.1 Capacity Eligible for Release

Shippers under Rate Schedule FSS shall be permitted to release their capacity on a temporary or permanent basis, in accordance with this Section 6. Capacity which may be assigned to the Replacement Shipper hereunder shall be limited to the firm capacity reserved by the Releasing Shipper, as defined by the primary Points of Receipt and the primary Points of Delivery contained in the released capacity. Releases may be made on an interruptible (i.e., subject to recall) or firm basis and shall be billed by Southwest based on usage.

6.2 Shipper Release Notice

(A) A Shipper that desires to release any or all of its firm capacity under this Section 6 must notify Southwest electronically on the Messenger® system or through electronic data interchange of its intent to release capacity and the terms of the release (hereinafter referred to as "Shipper Notice"). A Shipper Notice shall be posted on the Messenger® system upon receipt by Southwest or such later time which must comply with the timeline set forth in Section 6.4(B) herein, as requested by Releasing Shipper. This Shipper Notice shall include:

- (1) Releasing Shipper's contract number;
- (2) The specific quantity of capacity to be released;
- (3) If the request for release is on a permanent basis;
- (4) The Points of Receipt and Points of Delivery at which Releasing Shipper will release capacity and the quantity of capacity to be released at each point;
- (5) The period of time or term of the release;
- (6) The conditions of Releasing Shipper's right of recall as well as methods and rights associated with returning the previously recalled capacity to the Replacement Shipper, if applicable;
- (7) Whether contingent bids will be accepted and when the contingency must be removed;
- (8) The identity of a Pre-arranged Replacement Shipper (PRS), if applicable;

- (9) The minimum rate expressed in dollars and cents, a percentage of a rate for a non-index-based release or the index-based formula as detailed in the capacity release offer, term, and quantity of capacity Releasing Shipper shall accept, if any, and whether bids using a volumetric rate for the collection of Capacity and Deliverability Charges will be accepted and whether Releasing Shipper requires a volumetric commitment. Southwest shall support volumetric releases with volumetric commitments by fully accounting for volumetric and reservation components, consistent with the rules and regulations enunciated by the Commission;
 - (10) The duration of the posting which may not be less than the minimum bid period specified in Section 6.4(B) herein;
 - (11) The best bid criterion is the method by which volumetric or contingent bids will be evaluated, and any alternate, objective and nondiscriminatory method for breaking ties. The best bid evaluation method, which is established by Releasing Shipper, must be objectively stated, applicable to all PRS or Replacement Shippers and not unduly discriminatory and shall enable Southwest to rank the bids received by utilizing the weight assigned by Releasing Shipper to each element of the Shipper Notice;
 - (12) If the release is for any period of thirty-one (31) days or less and is exempt from bidding in accordance with Section 6.3(A), the Releasing Shipper may designate in the Shipper Notice the winning bid criterion to be the first acceptable bid received;
 - (13) Restrictions, if any, on the PRS or Replacement Shipper's ability to request changes in Points of Receipt or Points of Delivery;
 - (14) Whether the Shipper Notice may be rejected in part in the event Southwest rejects such Shipper Notice pursuant to Section 6.7; and
 - (15) Whether the Replacement Shipper is (a) an asset manager as defined in Section 284.8(h)(3) of the Commission's Regulations and, if so, include the volumetric level of the asset manager's delivery or purchase obligation and the time period during which that obligation is in effect or (b) a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's Regulations.
- (B) Releasing Shipper shall post the Shipper Notice on the Messenger® system. Releasing Shipper may withdraw its Shipper Notice at any time prior to the close of the bid period specified in the Shipper Notice herein when unanticipated circumstances justify and no minimum bid has been made.

- (C) When a Releasing Shipper presents a PRS that is on the approved bidders list, such PRS shall acknowledge the Shipper Release Notice electronically.
- (D) The terms Releasing Shipper imposes may not conflict with any provision of the Storage Service, Parking Service or Loan Service Agreement, Rate Schedule or General Terms and Conditions. In the event of such conflict, Southwest may withdraw the Shipper Notice from posting.

6.3 Exceptions to Bidding

- (A) The following capacity releases are exempt from the bidding process set forth in Section 6.4 herein:
 - (1) A capacity release for any period of thirty-one (31) days or less. A firm Shipper shall not roll over, extend or in any way continue such capacity release to the same Replacement Shipper until 28 days after the first release period has ended. This 28-day period does not apply to any release to the same Replacement Shipper that is posted for bidding or that qualifies for any of the other exemptions from bidding set forth in Sections 6.3(A)(2) or (3) below.
 - (2) A capacity release to an asset manager as defined in Section 284.8(h)(3) of the Commission's Regulations.
 - (3) A capacity release to a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's Regulations.
- (B) In the event a capacity release is exempt from bidding in accordance with Section 6.3(A) herein, the Releasing Shipper presents a PRS that is on the approved bidders list, and such PRS agrees to all conditions of the release prior to the submission of the Shipper Notice to Southwest, the released capacity will be assigned to the PRS and such Shipper Notice shall be exempt from the bidding process in accordance with Section 6.4 herein. The PRS will be posted as the winning bidder in accordance with Section 6.4(l) herein.
- (C) Timing of Capacity Releases Exempt from Bidding
 - The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:
 - Timely Cycle 12:00 Noon
 - Evening Cycle 5:00 p.m.

- Intraday 1 Cycle 9:00 a.m.
 - Intraday 2 Cycle 1:30 p.m.
 - Intraday 3 Cycle 6:00 p.m.
- The capacity release addendum is issued within one hour of the award posting (with a new capacity release addendum number, when applicable).
 - Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum.

6.4 Bidding Process

- (A) In order to submit a valid bid under this capacity release program, any party, including a PRS, must be on the approved bidders list. To be on the approved bidders list, a party must meet the provisions of Sections 2 and 16 herein and have executed a Capacity Release Service Agreement with Southwest in the form as set forth in this Tariff (Capacity Release Service Agreement). A party shall remain on the approved bidders list until such party notifies Southwest to the contrary, no longer meets the credit qualifications in Section 16 herein, or is suspended from the approved bidders list in the event and for such time as such party fails to pay part or all of the amount of any bill for service in accordance with Section 12 herein.
- (B) The capacity release timeline in Central Clock Time applies to all parties involved in the capacity release process provided that: 1) all information provided by the parties to the transaction is valid and the Replacement Shipper has been determined to be creditworthy before the capacity release bid is tendered; 2) for index-based capacity release transactions, the Releasing Shipper has provided Southwest with sufficient instructions to evaluate the corresponding bid(s) according to the timeline; and 3) there are no special terms or conditions of the release. Further, Southwest may complete the capacity release process if the offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by Southwest).
 - (1) For biddable releases (1 year or less)
 - Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
 - Open season ends at 10:00 a.m. on the same or a subsequent Business Day.
 - Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.

- If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.
- The capacity release addendum is issued within one hour of the award posting (with a new capacity release addendum number, when applicable).
- Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum.

(2) For biddable releases (more than 1 year)

- Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.
- Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
- If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.
- The capacity release addendum is issued within one hour of the award posting (with a new capacity release addendum number, when applicable).
- Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum.

(3) Timeline for Releases with Special Conditions

For index-based capacity release transactions, the Releasing Shipper shall provide the necessary information and instructions to support the chosen methodology. If the Releasing Shipper specifies a bid evaluation methodology other than highest rate, net revenue or present value, or a

permanent release or any other special conditions, the above timelines shall apply; provided, however, one additional Business Day will be added to the evaluation period. Such extended evaluation period shall cause gas flow to be at least one day later than gas could flow under the timeline set forth in Section 6.4(B)(1) or Section 6.4(B)(2).

- (C) All bids must be expressed in dollars and cents, a percentage of a rate for a non-index-based release or the index-based formula as detailed in the capacity release offer, whichever is stated in the Shipper Notice, include the required bid information and must be received and posted electronically through the Messenger® system. Bids shall be posted on the Messenger® system with any contingencies identified and with the bidder's identity deleted.
- (D) A bidder may submit only one bid at a time in response to a Shipper Notice. A bidder may withdraw its bid through the Messenger® system at any time prior to the close of the posting period specified in the Shipper Notice without prejudice to its submitting another bid with an economic value equal to or greater than the economic value of the withdrawn bid.
- (E) Where there is a PRS and a bid which is better than the bid submitted by the PRS, Southwest shall notify the PRS by 2:00 p.m. Central Clock Time on the Day capacity is awarded and the PRS will have until 2:30 p.m. to match the better bid and obtain the right to the released capacity.

Southwest shall issue an Addendum to the PRS unless a better bid, established in accordance with Section 6.2(A)(11) herein, is received within the time period specified in the posting. In the event the PRS does not match the better bid, Southwest shall issue an Addendum to the party who made the best bid.

- (F) All bids not withdrawn by written or electronic notice to Southwest prior to the close of the posting period specified in the Shipper Notice shall be binding. Bids cannot be withdrawn after the bid period ends.
- (G) In the event that a winning bid has a contingency, and Southwest is not notified through the Messenger® system that such contingency has been removed within the time period specified in the Shipper Notice, such contingent bid will be rejected by Southwest.
- (H) The Releasing Shipper may define in the Shipper Notice the criteria for determining the best bid. If the Releasing Shipper does not specify the criteria, Southwest shall use the Net Present Value calculation as set forth in Section 7.3 herein to determine the best bid. If there are multiple bids meeting the minimum conditions, Southwest shall rank the bids and Southwest shall award the bids, best bid first, until all offered capacity is awarded. Southwest will notify, through the Messenger® system by 2:00 p.m. Central Clock Time following the end of the

posting period, or by 3:00 p.m. Central Clock Time if a matching period is applicable, the PRS or Replacement Shipper that capacity has been awarded.

- (I) Southwest shall post the winning bids and Replacement Shippers' identity on the Messenger® system for at least five Business Days.

6.5 Rights and Obligations of Releasing Shipper

- (A) Regardless of the amount of capacity Releasing Shipper releases under this Section 6, Releasing Shipper shall remain liable for the Capacity and Deliverability Charges attributable to the released capacity unless otherwise agreed to in writing and in advance by Southwest. In the event of a permanent release, Southwest may, and will not unreasonably refuse to, waive liability of Releasing Shipper for the Capacity and Deliverability Charges.
- (B) When capacity is awarded to Replacement Shipper, Releasing Shipper must adjust or reconfirm its nominations to reflect the capacity released. Southwest will automatically change Releasing Shipper's nominations to zero for the Service Agreement under which capacity was released unless such nominations are adjusted or reconfirmed by the Releasing Shipper.
- (C) In the event of termination of a Replacement Shipper's Addendum pursuant to Section 6.6(C) herein, the released capacity related to such Addendum will revert to the Releasing Shipper.
- (D) Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity. The recall notification to Southwest shall specify the Quantity in terms of total released capacity entitlements.

6.6 Rights and Obligations of Replacement Shipper

- (A) Any bid submitted will bind Replacement Shipper or PRS to the terms of the bid if Southwest selects such bid as the best bid. If all the information provided by the Releasing Shipper and the bidder/PRS is valid, the Replacement Shipper is creditworthy, and there are no special terms and conditions, Southwest will issue and execute the Addendum to the Capacity Release Service Agreement within one hour of awarding the winning bid. The capacity release addendum number also will be issued within one hour of the award posting.
- (B) Replacement Shipper may submit nominations pursuant to Section 3 herein beginning at the next available nomination cycle for the effective date of the capacity release addendum; however, in no event will Gas flow on Replacement Shipper's Service Agreement prior to the effective date of the release as posted in the Shipper Notice.

- (C) Replacement Shipper is responsible for payment of the applicable Capacity and Deliverability Charges, and any surcharges thereon, in the amount of its winning bid. Replacement Shipper is also responsible for all other billings, e.g., Injection Charge and Withdrawal Charge and applicable surcharges. In the event of payment default, subject to Section 12 herein, Southwest may elect to terminate that Replacement Shipper's Capacity Release Service Agreement which shall terminate all service thereunder utilized by the Replacement Shipper.
- (D) Once Replacement Shipper or PRS is notified of a winning bid, such Replacement Shipper or PRS shall have all the rights and obligations specified under the Releasing Shipper's Rate Schedule, the Releasing Shipper's Service Agreement and the General Terms and Conditions of this Tariff including the right to release firm capacity pursuant to this Section unless the conditions prescribed by the Shipper Notice require otherwise.

6.7 Rights and Obligations of Southwest

Southwest shall determine, in its sole discretion, the best bid based upon the best bid criteria established pursuant to Section 6.2(A)(11) or Section 6.4(H) herein. Southwest shall have the right, but not the obligation, to reject, in whole or in part, the terms of any Shipper Notice or bid which is discriminatory or conflicts with any order or regulation issued by the FERC, or provision of the Service Agreement, Rate Schedule or General Terms and Conditions. Such Shipper Notice shall be rejected in its entirety unless Shipper, pursuant to Section 6.2(A)(14), permits a partial rejection. Southwest shall provide simultaneous notification to Shipper, through the Messenger[®] system, of the reason(s) for rejecting a release notice with the notice of rejection. Southwest shall not have any liability to any Shipper, Releasing Shipper, Replacement Shipper, bidder or any other party as a result of Southwest's performance of its obligations under its capacity release program, and such Shippers, Releasing Shippers, Replacement Shippers, and bidders shall indemnify Southwest from and against any and all losses, damages, expenses, claims, suits, actions and proceedings whatsoever threatened, incurred or initiated as a result of Southwest's performance hereunder, except to the extent such loss, damage, expense, claim, suit, action or proceeding is the result of Southwest's negligence, bad faith or willful misconduct.

6.8 Term

- (A) Any release under this Section 6 shall be for a minimum term of at least one Day.
- (B) Any release under this Section 6 shall be for a maximum term expiring on the earlier of:
 - (1) The last date this Tariff provision shall be effective;
 - (2) The expiration date of Releasing Shipper's Service Agreement when the release is for the full term of such agreement; or

- (3) The expiration date specified by the Releasing Shipper in the Shipper Notice.

6.9 Billing Adjustments to Releasing Shipper

- (A) Southwest shall credit Releasing Shipper's monthly bill to reflect the Capacity and Deliverability Charges (including surcharges, if any) invoiced to Replacement Shipper. In the event of a release with a volumetric rate, the volumetric rate shall be credited to the Releasing Shipper's monthly bill. Replacement Shipper's payment of the Volume Injection Charge and Volume Withdrawal Charge and applicable usage surcharges, if any, shall be retained by Southwest.
- (B) If Replacement Shipper fails to pay all or any part of the Capacity and Deliverability Charges so credited within thirty (30) days of its due date, then such unpaid amount plus interest will be charged to Releasing Shipper's next monthly bill and will be due and payable by Releasing Shipper in accordance with Section 12 herein.
- (C) The Releasing Shipper and Southwest may agree that, in return for Southwest actively marketing the Releasing Shipper's Service Agreement, Southwest will reduce the Releasing Shipper's invoice credit by a negotiated marketing fee.
- (D) Southwest and Releasing Shipper may agree upon a payment obligation and crediting mechanism that varies from or is in addition to the provisions of this Section 6.9 in order to establish the basis of accounting for revenues from a Replacement Shipper.

6.10 Requests to Purchase Releasable Capacity

Any party may initiate a request to purchase releasable firm capacity by following the instructions posted on Southwest's Informational Postings Web Site located at <http://swgsmessenger.energytransfer.com> under "Notices, Request to Purchase Releasable Capacity." The form shall specify the terms and conditions of the request and the location of the posting on Southwest's Informational Postings Web Site. Such offer to purchase released capacity shall be posted on Southwest's Web Site for 30 Days.

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7. CONTRACTING FOR SERVICE RIGHTS

This Section 7 governs the order in which requests for storage, parking, loan or balancing service shall be accommodated when unsubscribed firm capacity, other than released capacity, becomes available. It does not govern scheduling, which is governed by Section 3 herein. Requests for firm capacity shall be accommodated in the following manner and subject to the following conditions and limitations:

7.1 Request for Available Capacity

In order to be eligible for firm capacity, a party requesting service (potential Shipper) must submit a valid request in accordance with the provisions of Sections 2 and 16 herein.

7.2 Posting

Southwest will post on the Messenger® system and the Web Site available capacity. A potential Shipper that submits a valid request may submit in writing a bid for the available capacity at any time. In the event of multiple bids, Southwest will evaluate the bids and determine the bid having the greatest economic value as determined in Section 7.3.

7.3 Economic Value of Request

Southwest shall tender a Storage Service Agreement, No-Notice Storage Service Agreement, Parking Service Agreement, Loan Service Agreement or Balancing Service Agreement for execution to the potential Shipper submitting the bid having the greatest economic value for the capacity available. The criteria for determining which potential Shipper has submitted the bid with the greatest economic value shall be the Net Present Value (NPV) of the capacity and deliverability charges under Rate Schedule FSS, the no-notice reservation charge under Rate Schedule NNS, the firm parking reservation charge under Rate Schedule FPS, or the firm loan reservation charge under Rate Schedule FLS that potential Shipper would pay at the rates potential Shipper has bid over the term of service specified in the request, utilizing a ten percent (10%) annual discount factor. For purposes of calculating each potential Shipper's NPV, the term will be limited to ten (10) years. If the economic values of separate service requests are equal, then service shall be offered in sequence starting with the request with the earliest date. If separate service requests have equal economic values and the same date of request, service shall be offered to such potential Shippers on a pro rata basis.

7.4 Service Agreement

If potential Shipper fails to execute a Storage Service Agreement, No-Notice Storage Service Agreement, Parking Service Agreement, Loan Service Agreement or Balancing Service Agreement within fifteen (15) Days of the date on which it was tendered by Southwest, potential Shipper's request for service may be considered withdrawn.

7.5 Contract Extension

Prior to the expiration of the term of any existing Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement(s), Southwest and the existing Shipper may mutually agree to renegotiate the terms of such Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement(s) in exchange for Shipper's agreement to extend the term of at least a portion of its obligations under a restructured Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement(s) (the exact terms, including the length and rate), of which are to be negotiated on a case-by-case basis in a not unduly discriminatory manner).

7.6 Termination of Interruptible Service Agreements

Southwest may terminate Shipper's Storage Service Agreement under Rate Schedule ISS or Balancing Service Agreement under Rate Schedule IGB upon thirty (30) days prior written notice to Shipper who has not submitted nominations to store Gas under such Storage Service or Balancing Service Agreement within the immediately preceding twelve (12) Months. In addition, Southwest and Shipper may mutually agree to terminate such interruptible agreement at any time.

GENERAL TERMS AND CONDITIONS

11. ELECTRONIC COMMUNICATION SYSTEM

- 11.1 Southwest has established an electronic communication system located on the Web Site for use by any party including Shippers and potential Shippers. The Web Site will permit users to electronically download a file(s) from the Web Site and to split files into smaller files prior to such download. Information on the most recent entries will appear ahead of older information. Southwest will purge completed transactions from the current Web Site files after they have been posted for a minimum of ninety (90) days. Information that has been purged from the Web Site will be archived and may be retrieved from archives and made available in electronic format.

Through the Web Site any party may obtain:

- (A) Information concerning the availability of capacity for firm and interruptible storage, parking, loan and balancing services.
 - (B) A listing of Point(s) of Receipt and Points of Delivery on Southwest's system.
 - (C) Southwest's currently effective FERC NGA Gas Tariff.
- 11.2 For customer activities. Southwest has established the Messenger® system which will be available on a nondiscriminatory basis to any party (hereinafter the "User") that has compatible equipment for electronic transmission of data, provided that such party executes a Messenger® Agreement in the form that is available on the Web Site, has been assigned a user identification (USERID) and password, and agrees to comply with the procedures for use of the Messenger® system. Southwest shall provide timely and equal access to any and all information available on the Messenger® system. The Messenger® system will provide on-line help, a search function that permits Users to locate all information concerning a specific transaction, and the ability to retrieve various reports.
- 11.3 The Messenger® system may be used to interactively execute Storage Service Agreements, No-Notice Storage Service Agreements, Parking Service Agreements, Loan Service Agreements or Balancing Service Agreements or amendments to Service Agreements, provide nominations pursuant to the applicable rate schedule and these General Terms and Conditions and release capacity service rights pursuant to Section 15 of the General Terms and Conditions.
- 11.4 Electronic data interchange will be available on a nondiscriminatory basis to any party. A mutually acceptable agreement between Southwest and such party is required for electronic transmission of data.

- 11.5 Any specific notices throughout this Tariff requiring communications to be in writing shall be by written communication sent by physical or electronic means unless agreed to otherwise by the parties. In addition, all contracts can be tendered and executed electronically.
- 11.6 Should Southwest invalidate any password or USERID due to breach of confidentiality or unauthorized use of the Messenger® system, pursuant to the Messenger® Agreement, Southwest shall provide the Messenger® User with notice and reason for the invalidation.

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13. RESPONSIBILITY, WARRANTY AND ASSIGNMENTS

- 13.1 Southwest shall be deemed to be in control and possession of the gas stored hereunder only after the gas is received for injection at the Point of Receipt, and before it is withdrawn and delivered at the Point of Delivery and shall indemnify and hold Shipper harmless from any damage or injury caused thereby, except for damages and injuries caused by the sole negligence of Shipper. Shipper shall be deemed to be in control and possession at all other times and shall indemnify and hold Southwest harmless from any damage or injury caused thereby. Notwithstanding anything to the contrary set forth in this Section 13.1, the risk of loss of any quantity of gas injected into, stored in and/or withdrawn shall remain with Shipper, and Southwest shall not be liable to Shipper for any loss of gas, except as may be the consequence of the intentional or negligent acts or omissions of Southwest. Any losses of gas, unless resulting from the intentional or negligent acts or omissions of Southwest, shall be apportioned among and shared proportionally by all Shippers, based on each Shipper's gas otherwise in Southwest's control and possession.
- 13.2 Except as provided in Section 12.4 herein, both Southwest and Shipper will, as to the gas it delivers or causes to be delivered to the other, indemnify and save the other harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of any adverse claims of any and all persons to said gas and/or to royalties, taxes, fees or charges thereon.
- 13.3 As to all matters within its actual or imputed control, Shipper represents and warrants that service hereunder and all arrangements incident hereto conform to applicable regulations, and agrees to indemnify and hold Southwest harmless against any and all actions, suits or proceedings, concerning such service or arrangements, which are brought before or instituted by any authority having jurisdiction.
- 13.4 Both Southwest and Shipper may assign or pledge the Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement and all rights and obligations thereunder under the provisions of any mortgage, deed of trust, indenture or other instrument which it has executed or may execute hereafter as security for indebtedness; otherwise, neither Southwest nor Shipper shall assign the Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement or any of its rights hereunder unless it shall first have obtained the written consent of the other. Such consent shall not be unreasonably withheld.

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15. FORCE MAJEURE

In the event, to the extent, and for so long as either Southwest or Shipper is unable, by reason of Force Majeure, to carry out its obligations hereunder, in whole or in part, the obligations of either of Southwest or Shipper, other than to make payments due, shall be suspended, in whole or in part. Force Majeure, as employed herein, shall mean any cause, whether of the kind herein enumerated or otherwise, not within the control of either of Southwest or Shipper claiming suspension, and which by the exercise of due diligence, either of Southwest or Shipper has been unable to prevent or overcome, including without limitation, acts of God, the government, or a public enemy; strikes, lockouts, or other industrial disturbances; wars, blockades, or civil disturbances of any kind; epidemics, landslides, hurricanes, earthquakes, crevasses, washouts, tornadoes, storms, fires, explosions, arrests, and restraints of governments or people; freezing of, breakage or accident to, or the necessity for making repairs or alterations to wells, machinery or lines of pipe; partial or entire failure of wells; and the inability of either Southwest or Shipper to acquire, or the delays on the part of either of Southwest or Shipper in acquiring, at reasonable cost and after the exercise of reasonable diligence: (a) any servitudes, rights of way grants, permits, or licenses; (b) any materials or supplies for the construction or maintenance of facilities; or (c) any permits or permissions from any governmental agency; if such are required to enable either of Southwest or Shipper to fulfill its obligations hereunder. Additionally, Southwest or Shipper shall be excused in whole or in part, from its performance, for the inability to obtain transportation from or through third party pipelines, or as a result of supervening or fortuitous events or circumstance, whether or not foreseeable, or within the contemplation of Southwest or Shipper at the time that the Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement was entered into, which makes performance of Southwest's obligations hereunder commercially impracticable. Either Southwest or Shipper claiming Force Majeure shall give to the other(s) notice and full particulars of such Force Majeure by telephone as soon as reasonably possible after the occurrence of the case relied on, and shall remedy such inability to perform with all reasonable dispatch; provided, however, that such requirement or remedy shall not require the settlement of strikes or lockouts by accession to the demands of those opposing either of Southwest or Shipper when such course is inadvisable in the discretion of either of Southwest or Shipper.

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16. CREDITWORTHINESS

16.1 Prior to execution of a Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement or as a condition for continuation of service, a Shipper or prospective shipper shall be required to establish and maintain creditworthiness on an on-going basis with Southwest. Southwest shall apply consistent evaluation practices to all similarly situated shippers to determine the Shipper's financial ability to satisfy the payment obligations due to Southwest over the term of the requested service agreement. Southwest shall not be required to: (1) execute a Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement providing for service on behalf of any Shipper who fails to meet Southwest's standards for creditworthiness; or (2) initiate service for a Shipper who fails to meet Southwest's standards for creditworthiness; or (3) continue service on behalf of any Shipper who is or has become insolvent or who, at Southwest's request, fails to demonstrate creditworthiness pursuant to Southwest's standards in this Section 16.

16.2 A Shipper shall be deemed creditworthy when Shipper meets the creditworthiness criteria in this Section 16.2.

(A) If Shipper is rated by Standard & Poor's or its successor (S&P), and/or by Moody's Investors Service, Inc. or its successor (Moody's), Southwest may establish creditworthiness if:

- (1)
 - (i) In the event Shipper is rated by both S&P and Moody's, Shipper's long-term senior unsecured debt securities are rated at least BBB- by S&P and at least Baa3 by Moody's, provided, however, that if the Shipper's rating is at BBB- and/or Baa3, respectively, the long-term outlook shall be Stable or Positive; or
 - (ii) in the event Shipper is rated only by S&P, Shipper's long-term senior unsecured debt securities are rated at least BBB-, provided, however, that if the Shipper's rating is at BBB-, the long-term outlook shall be Stable or Positive; or
 - (iii) in the event Shipper is rated by only Moody's, Shipper's long-term senior unsecured debt securities are rated at least Baa3, provided, however, that if the Shipper's rating is at Baa3, the long-term outlook shall be Stable or Positive; and
- (2) The net present value of the sum of reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Shipper's tangible net worth.

In the event Shipper is rated by both S&P and Moody's at levels which are not equivalent, the lower rating shall apply. For the purposes of this Section 16.2, the term "tangible net worth" shall mean for a corporation the sum of the capital stock, paid-in capital in excess of par or stated value, and other free and clear equity reserve

accounts less goodwill, patents, unamortized loan costs or restructuring costs, and other intangible assets. Only actual tangible assets are included in Southwest's assessment of creditworthiness. If a Shipper has multiple Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreements with Southwest, then the total contract commitment and imbalance exposure or potential exposure of all such Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreements shall be considered in determining creditworthiness.

- (B) If Shipper cannot demonstrate creditworthiness pursuant to Section 16.2(A) above, Southwest may establish creditworthiness based upon:
- (1) (i) In the event Shipper's parent is rated by both S&P and Moody's, the Shipper's parent having a senior unsecured debt rating of at least BBB- by S&P and Baa3 by Moody's, provided, however, that if the Shipper's parent's rating is at BBB- and/or Baa3, respectively, the long-term outlook shall be Stable or Positive; or (ii) in the event Shipper's parent is rated by only S&P, the Shipper's parent having a senior unsecured debt rating of at least BBB-, provided, however, that if the Shipper's parent's rating is a BBB-, the long-term outlook shall be Stable or Positive; or (iii) in the event Shipper's parent is rated by only Moody's, the Shipper's parent having a senior unsecured debt rating of at least Baa3, provided, however, that if the Shipper's parent's rating is at Baa3, the long-term outlook shall be Stable or Positive; and
 - (2) The net present value of the sum of reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Shipper's parent's tangible net worth; and
 - (3) Shipper's parent issues a guaranty acceptable to Southwest.

In the event Shipper's parent is rated by both S&P and Moody's at levels which are not equivalent, the lower rating shall apply. If a Shipper's parent has multiple Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreements with Southwest or multiple subsidiaries with Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreements with Southwest in addition to Shipper's Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreements, then the total contract commitment and imbalance exposure or potential exposure of all of those Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreements shall be considered in determining creditworthiness.

- (C) In the event Shipper is a cooperative or a municipal Shipper and Shipper cannot demonstrate creditworthiness pursuant to Section 16.2(A) or 16.2(B) above, Southwest may establish creditworthiness based upon:
 - (1) Shipper's issuer and/or revenue bond rating is a rating that has the equivalent rank of those listed in Section 16.2(A)(1) above; or
 - (2) The net present value of the sum of reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Shipper's tangible net worth, or Shipper's preceding calendar year revenues are at least six (6) times Southwest's anticipated charges for the ensuing 12-month period.

16.3 To permit Southwest to conduct an initial or ongoing creditworthiness review, Southwest may request, and a Shipper shall provide within five (5) Business Days any or all of the following:

- (A) (i) Audited financial statements for the most current two (2) fiscal years prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America or, for non-U.S. based Shippers, prepared in accordance with equivalent standards, or (ii) if Shipper's fiscal year-end financial statements are unaudited, an attestation by its Chief Financial Officer that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent or (iii) for non-public entities, any existing sworn filing, which provides the most recent available interim financial statements and annual financial reports filed with any applicable regulatory authority, showing the Shipper's current financial condition;
- (B) List of corporate affiliates, parent companies, and subsidiaries, if applicable;
- (C) Publicly available information from credit reports of credit and bond rating agencies;
- (D) A bank reference and at least three (3) trade references, a check of which show along with any credit reports submitted herein that Shipper's undisputed obligations are being paid in a timely manner;
- (E) Statement of legal composition;
- (F) Statement of the length of time the business has been in operation;
- (G) For state-regulated utility local distribution companies, documentation from their respective state regulatory commission (or an equivalent authority) of an authorized gas supply cost recovery mechanism;
- (H) Confirmation by Shipper that Shipper is not operating under any chapter of the

bankruptcy laws and is not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditor, or any informal creditors' committee agreement;

- (I) Such other information as may be mutually agreed to by Shipper and Southwest; and/or

16.4 If Shipper or Shipper's parent does not meet the criteria described in Section 16.2 above, then credit appraisal shall be based upon Southwest's evaluation of any or all of the following information and credit criteria:

- (A) Any information received pursuant to Section 16.3 above;
- (B) Consistent and nondiscriminatory financial statement analysis to determine the acceptability of Shipper's or Shipper's parent's current and future financial strength. Financial statements shall be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency and profitability;
- (C) S&P, Moody's, Dun & Bradstreet and other credit reporting agency ratings, opinions, watch alerts, and rating actions shall be considered in determining creditworthiness;
- (D) Results of credit reports and of bank and trade reference checks must demonstrate that a Shipper is paying its obligations in a timely manner;
- (E) Shipper must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws and there must not be pending any petition for involuntary bankruptcy; an exception may be made for a Shipper who is a debtor-in-possession operating under Chapter XI of the Federal Bankruptcy Act whereby adequate assurance is provided under purview of by the bankruptcy court having jurisdiction over such debtor-in -possession that the service billings will be paid promptly as a cost of administration under the federal court's jurisdiction, based on a court order in effect, and if the Shipper is continuing and continues in the future actually to make payment;
- (F) Whether Shipper is subject to any lawsuits or judgments outstanding which could materially impact its ability to remain solvent;
- (G) Shipper's ongoing business relationship, if any, with Southwest with consideration being given to whether Shipper has or has had any delinquent balances outstanding for services provided by Southwest, gas imbalances, and gas loans due Southwest and whether Shipper is paying and has paid its account balances promptly according to the terms established in its Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreements (excluding amounts as to which there is a good faith dispute);

- (H) Shipper's ability to recover the costs of Southwest's services through filings with regulatory agencies or otherwise to pass on such costs to its customers, as applicable; and/or
- (I) Any other information, including any information provided by Shipper, that is reasonably relevant to Shipper's current and future financial strength and Shipper's ability to make full payment over the term of the Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement(s).

16.5 If a Shipper fails to establish or maintain creditworthiness or if Shipper's credit limit as determined by Southwest is insufficient to cover Shipper's total contractual obligations, Shipper may still obtain or continue service hereunder if Shipper, except to the extent otherwise agreed, provides credit support in an amount sufficient to cover three months service as determined in accordance with Section 16.5(B)(1) plus the loaned gas as determined in Section 16.5(B)(2) under one of the following options.

- (A) Forms of Credit Support. Shipper may select from the following forms of credit support (Credit Support) and Southwest shall not unreasonably discriminate in the forms of Credit Support it determines to accept from Shippers.
 - (1) Guaranty. A Shipper may provide a guaranty of financial performance in a form satisfactory to Southwest from a corporate parent, corporate affiliate or a third party that meets the creditworthiness standards above.
 - (2) Deposit. A shipper may provide a cash deposit. If Southwest is required to draw down these funds, Southwest will notify Shipper and Shipper must replenish such funds within three (3) Business Days after receipt of such notice.
 - (3) Standby Irrevocable Letter of Credit drawn on a bank which is a U.S. bank or a U.S. branch of a foreign bank with an S&P Debt Rating of at least A or Moody's Debt Rating of at least A2.
 - (4) Security Interest or lien in collateral found to be satisfactory to Southwest.
 - (5) Other security acceptable to Southwest.
- (B) Credit Support Requirements. Credit Support required for non-creditworthy shippers shall be an amount sufficient to cover service for three (3) months and a value for loaned gas as specified below.
 - (1) Three months service. The amount of Credit Support for firm Storage Service, No-Notice Storage Service, Parking Service or Loan Service Agreements must be sufficient to cover the highest three (3) months of reservation charges during the previous twelve (12) month period. The amount of Credit Support

for interruptible services shall be based upon the highest three (3) months of usage during the previous twelve (12) month period for all rates and charges. If the Shipper has not contracted for or utilized interruptible storage or balancing service during the previous twelve (12) month period, Southwest will establish the Credit Support requirement based upon Shipper's estimated usage for a three (3) month period as determined by Shipper and Southwest's marketing representative.

- (2) Loaned Gas. In addition to the Credit Support requirements set forth in Section 16.5(B)(1) above, Southwest shall have the right to seek Credit Support to cover the value of any loaned gas owed to Southwest by a non-creditworthy Shipper. The Credit Support requirement for loaned gas associated with Rate Schedule IGB shall equal the maximum loaned quantity specified in Shipper's Balancing Service Agreement valued at the greater of the highest daily price published in Gas Daily, Final Daily Price Survey-Platts Locations; Midcontinent, Panhandle Tx.-Okla. or Louisiana/Southeast, Trunkline, zone 1A.

- 16.6 Southwest shall have the right to update Shipper's credit file at any time after commencement of service. Such update may be conducted by Southwest periodically and Shipper shall provide assistance and cooperation. If Southwest concludes that a Shipper is non-creditworthy or if Shipper fails to maintain Credit Support under Section 16.5 of these General Terms and Conditions, Southwest shall provide Shipper an initial notice in writing that it has lost its creditworthiness status along with the reasons for such determination and that Shipper has five (5) Business Days after receipt of such initial notice, to provide Southwest with Credit Support consistent with Section 16.5 of these General Terms and Conditions which is adequate to cover all charges for one Month's advance service. A Shipper may challenge Southwest's determination by providing a written rebuttal to Southwest's explanation within ten (10) days after the initial notification and explanation is provided by Southwest. Southwest shall respond to such a rebuttal in writing within ten (10) days. Any reevaluation of creditworthiness by Southwest in response to such a rebuttal by the Shipper shall be based on the creditworthiness criteria set out in Section 16.4 and shall be performed as provided in Section 16.4 of these General Terms and Conditions. If Southwest determines after such reevaluation that Shipper is creditworthy, the Credit Support to cover all charges for one Month's advance service shall be released to Shipper within five (5) Business Days after such determination. In the event Southwest concludes after reevaluation that Shipper remains non-creditworthy, Shipper shall comply with the requirement in the initial notice to provide, within thirty (30) days after the initial notice, but not less than five (5) Business Days after notice that Shipper remains non-creditworthy, the means for adequate assurance of future performance, covering the full level of Credit Support provided for under Section 16.5 of these General Terms and Conditions. If the Shipper has not satisfied either requirement in the initial notice to provide specified Credit Support within five (5) Business Days or to provide the additional specified Credit Support within thirty (30) days after the initial notice, but not less

than five (5) Business Days after notice that Shipper remains non-creditworthy, Southwest may without further notice immediately suspend service to Shipper.

- 16.7 Any suspension of service hereunder shall continue until Southwest is reasonably satisfied that Shipper is creditworthy under Section 16.2 or 16.4 of these General Terms and Conditions or until Shipper has provided Credit Support under Section 16.5 of these General Terms and Conditions. A Shipper shall not be obligated to pay any reservation charges for suspended service attributable to the period when that service is suspended. During the period of suspension, such Shipper may not release or recall capacity.
- 16.8 In addition to suspension, Southwest may terminate service if the Shipper fails to provide Credit Support consistent with Section 16.5 of these General Terms and Conditions no earlier than sixty (60) days after Southwest has provided its initial notice to Shipper pursuant to Section 16.7 herein. Any such termination requires thirty (30) days' prior notice to Shipper, Releasing Shipper, if any, and the Commission. To avoid termination, the Shipper must satisfy Section 16.5 of these General Terms and Conditions within this notice period. If the Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement is terminated, Southwest shall net and/or set off, as allowed by law, all positions calculated in accordance with the provisions of the applicable Rate Schedule (i.e., invoiced storage, park or loan amounts) against outstanding account balances due the Shipper. Southwest shall have the right to assert any liens or other interests, consistent with applicable law, against any gas remaining on its System. Southwest may not take any action under this Section 16 which conflicts with any order of the U. S. Bankruptcy Court.
- 16.9 At any time after a Shipper is determined to be non-creditworthy by Southwest, the Shipper may request a creditworthiness reevaluation by Southwest pursuant to NAESB WGQ Standard Nos. 0.3.8 and 0.3.9 as incorporated in Section 19 of these General Terms and Conditions. If Southwest determines after such reevaluation that Shipper is creditworthy without Credit Support, any Credit Support requirements under Section 16.5 of these General Terms and Conditions shall be terminated and any deposit amounts shall be released to Shipper within five (5) Business Days after such determination.
- 16.10 Notwithstanding the above, Southwest may agree with a Shipper in an executed precedent agreement, for service on new or expanded facilities to be constructed by Southwest, to creditworthiness provisions which differ from one or more of the provisions in this Section 16, and which, in addition to the other provisions of this Section 16, govern service provided to the Shipper pursuant to the precedent agreement.

GENERAL TERMS AND CONDITIONS

18. MISCELLANEOUS

- 18.1 The respective obligations of Southwest and Shipper hereunder are subject to valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned, unless waived by the parties hereto, upon the issuance by the Commission or any successor agency of requisite authorization to provide the storage, parking, loan or balancing service hereunder in a form satisfactory to Southwest.
- 18.2 Service hereunder and Shipper's Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement shall be governed by and interpreted in accordance with the laws of the State of Texas, except for the conflict of laws provisions thereof.
- 18.3 Shipper's Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement creates no rights in third parties.
- 18.4 Southwest may waive any rights hereunder or any obligations of Shipper on a basis which is not unduly discriminatory; provided that no waiver shall operate or be construed as a waiver of other or future rights or obligations, whether of a like or different character.
- 18.5 Southwest may, from time to time, enter into agreements with other interstate or intrastate pipeline companies for capacity (off-system capacity). In the event that Southwest acquires off-system capacity, Southwest will provide service to Shippers with the off-system capacity pursuant to Southwest's open access tariff and subject to Southwest's Commission-approved rates, as such tariff and rates may change from time to time. For purposes of transactions entered into subject to this Section 18.5, the "shipper must have title" requirement is waived.

Part VII
Form of Service Agreements

1. Rate Schedule FSS	Form of Service Agreement
2. Rate Schedule NNS	Form of Service Agreement
3. Rate Schedule FPS	Form of Service Agreement
4. Rate Schedule FLS	Form of Service Agreement
5. Rate Schedule ISS	Form of Service Agreement
6. Rate Schedule IGB	Form of Service Agreement
7. Capacity Release	Form of Service Agreement

RATE SCHEDULE NNS
NO-NOTICE STORAGE SERVICE
FORM OF STORAGE SERVICE AGREEMENT

CONTRACT NO. _____

This Agreement, is made and entered into as of the _____ day of _____, _____, by and between Southwest Gas Storage Company (hereinafter called "Southwest") and _____ (hereinafter called "Shipper"). In consideration of mutual covenants and agreements as herein set forth, both Southwest and Shipper covenant and agree upon the following terms and conditions:

ARTICLE 1 - SERVICE

Southwest agrees to allow Shipper to deviate (plus or minus) by any amount on any Day up to Shipper's No-Notice Maximum Daily Quantity, as set forth in Exhibit A, at any specified point(s), as set forth in Exhibit A, from its nominations under Shipper's Firm Storage Service Agreement at Southwest's East Area Storage Facilities or West Area Storage Facilities, as defined in the General Terms and Conditions. Any such deviations shall be netted against Shipper's FSS Storage Balance, provided that Shipper's FSS Storage Balance shall not be permitted to exceed Shipper's FSS Maximum Annual Quantity or to fall below zero (0).

ARTICLE 2 - TERM

This Agreement shall become effective from the date first stated above. The term for this Agreement shall be set forth on Exhibit A.

ARTICLE 3 - RATES AND CHARGES

For the no-notice storage services provided or contracted for hereunder, Shipper agrees to pay the applicable charge under Southwest's Rate Schedule NNS at the Market Based Rates set forth in Exhibit B hereto. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the terms under Rate Schedule NNS and the applicability thereof, the General Terms and Conditions or any other provisions of Southwest's Tariff, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder.

ARTICLE 4 - GENERAL TERMS AND CONDITIONS

The No-Notice Storage Service Agreement and all terms for service hereunder are subject to the further provisions of Rate Schedule NNS and the General Terms and Conditions of Southwest's Tariff, as such may be modified, supplemented, superseded or replaced generally or as to the service hereunder. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the provisions of Rate Schedule NNS and the General Terms and Conditions, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder. Such Rate Schedule

NNS and the General Terms and Conditions, as may be changed from time to time, are by this reference incorporated in their entirety into this Agreement and made an integral part hereof.

ARTICLE 5 - SUCCESSION AND ASSIGNMENTS

This Agreement shall be binding upon and inure to the benefit of any successor(s) to either Southwest or Shipper by merger, consolidation or acquisition. Either Southwest or Shipper may assign or pledge this Agreement and all rights and obligations hereunder under the provisions of any mortgage, deed of trust, indenture or other instrument which it has executed or may execute hereafter as security for indebtedness.

ARTICLE 6 - CANCELLATION OF PREVIOUS CONTRACTS

This Agreement supersedes and cancels the following No-Notice Storage Service Agreement(s) between the parties hereto:

ARTICLE 7 - NOTICES

Any formal notice, request or demand which either party hereto may desire to give to the other respecting this No-Notice Storage Service Agreement shall be in writing and sent to Southwest's address posted on Southwest's Web Site or to Shipper's address stated below, or such other physical or electronic address as either party shall designate by written or electronic communication.

Shipper:

Billing:

Nomination and Scheduling:

Emergency:

All Other:

Southwest:

Nomination and Scheduling:

Southwest Gas Storage Company
Attn: Marketing Operations
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 962-9862
Fax: (713) 286-5402

Pipeline Emergencies:
(Not to be used for any
other purpose)

SOUTHWEST GAS STORAGE COMPANY
Attn: Gas Control
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-5623
Toll Free: 1-800-225-3913

All Other:

Southwest Gas Storage Company
Attn: Customer Services
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-4272 or
1-800-275-7375
Fax: (713) 989-1178

Contract No. _____

IN WITNESS WHEREOF, both Southwest and Shipper have caused this Agreement to be executed in several counterparts by their respective officers or other persons duly authorized to do so.

SHIPPER: _____

By: _____

(Please type or print name)

Title: _____

EXECUTED _____,
(Date)

SOUTHWEST GAS STORAGE COMPANY

By: _____

(Please type or print name)

Title: _____

EXECUTED _____,
(Date)

Contract No. _____
Amendment No. _____

EXHIBIT A
No-Notice Storage Service
Under Rate Schedule NNS
Contract No. _____

TERM

The Term of this Agreement shall be _____.

CONTRACT QUANTITIES

This Agreement provides service utilizing the (choose one)

_____ East Area Storage Facilities
_____ West Area Storage Facilities

Associated FSS Contract No. _____

No-Notice Maximum Daily Quantity (No-Notice MDQ): _____ Dt

SHIPPER: _____

BY: _____

DATED: _____

(Please type or print name)

SOUTHWEST GAS STORAGE COMPANY

BY: _____

(Please type or print name)

DATED: _____

SUPERSEDES AMENDMENT NO. _____

Contract No. _____

Amendment No. _____

EXHIBIT B
No-Notice Storage Service
Under Rate Schedule NNS
Contract No. _____

MARKET BASED RATES

This Agreement provides service utilizing the (choose one)

_____ East Area Storage Facilities

_____ West Area Storage Facilities

These Market Based Rates are effective for the period _____.

	<u>Rate per Dt</u>
No-Notice Reservation Charge	\$ _____

SHIPPER: _____

BY: _____

(Please type or print name)

DATED: _____

SOUTHWEST GAS STORAGE COMPANY

BY: _____

(Please type or print name)

DATED: _____

SUPERSEDES AMENDMENT NO. _____

RATE SCHEDULE FPS
FIRM PARKING SERVICE
FORM OF PARKING SERVICE AGREEMENT

CONTRACT NO. _____

This Agreement, is made and entered into as of the _____ day of _____, _____, by and between Southwest Gas Storage Company (hereinafter called "Southwest") and _____ (hereinafter called "Shipper"). In consideration of mutual covenants and agreements as herein set forth, both Southwest and Shipper covenant and agree upon the following terms and conditions:

ARTICLE 1 - SERVICE

Southwest agrees to receive gas for the account of Shipper and park, on a firm and capacity available basis, Quantities of Gas at any specified point(s) on any day of the injection period, as set forth on Exhibit A, up to the Maximum Daily Injection Quantity, as set forth on Exhibit A, at Southwest's East Area Storage Facilities or West Area Storage Facilities, as defined in the General Terms and Conditions, and withdraw, on a firm basis, Quantities of Gas on any day of the withdrawal period, as set forth on Exhibit A, up to the Maximum Daily Withdrawal Quantity, as set forth on Exhibit A. Injections shall occur under this Agreement such that Shipper's Park Balance at the end of the injection period is equal to Shipper's Maximum Park Balance, as set forth on Exhibit A. Withdrawals shall occur under this Agreement such that Shipper's Park Balance shall equal zero (0) at the end of the withdrawal period.

ARTICLE 2 - TERM

This Agreement shall become effective from the date first stated above. The term for this Agreement shall be set forth on Exhibit A.

ARTICLE 3 - RATES AND CHARGES

For the parking services provided or contracted for hereunder, Shipper agrees to pay the applicable charges under Southwest's Rate Schedule FPS at the Market Based Rates set forth in Exhibit B hereto. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the terms under Rate Schedule FPS and the applicability thereof, the General Terms and Conditions or any other provisions of Southwest's Tariff, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder.

ARTICLE 4 - FUEL REIMBURSEMENT

In addition to collection of the rates and charges provided for in Article 3, Southwest shall retain the percentage, as set forth in Exhibit B hereto, of the Quantities received from Shipper and injected hereunder and of the Quantities redelivered to Shipper and withdrawn hereunder for reimbursement in kind from Shipper for Fuel Reimbursement.

ARTICLE 5 - GENERAL TERMS AND CONDITIONS

The Parking Service Agreement and all terms for service hereunder are subject to the further provisions of Rate Schedule FPS and the General Terms and Conditions of Southwest's Tariff, as such may be modified, supplemented, superseded or replaced generally or as to the service hereunder. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the provisions of Rate Schedule FPS and the General Terms and Conditions, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder. Such Rate Schedule FPS and the General Terms and Conditions, as may be changed from time to time, are by this reference incorporated in their entirety into this Agreement and made an integral part hereof.

ARTICLE 6 - SUCCESSION AND ASSIGNMENTS

This Agreement shall be binding upon and inure to the benefit of any successor(s) to either Southwest or Shipper by merger, consolidation or acquisition. Either Southwest or Shipper may assign or pledge this Agreement and all rights and obligations hereunder under the provisions of any mortgage, deed of trust, indenture or other instrument which it has executed or may execute hereafter as security for indebtedness.

ARTICLE 7 - CANCELLATION OF PREVIOUS CONTRACTS

This Agreement supersedes and cancels the following Parking Service Agreement(s) between the parties hereto:

ARTICLE 8 - NOTICES

Any formal notice, request or demand which either party hereto may desire to give to the other respecting this Service Agreement shall be in writing and sent to Southwest's address posted on Southwest's Web Site or to Shipper's address stated below, or such other physical or electronic address as either party shall designate by written or electronic communication.

Shipper:

Billing:

Nomination and Scheduling:

Emergency:

All Other:

Southwest:

Nomination and Scheduling:

Southwest Gas Storage Company
Attn: Marketing Operations
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 962-9862
Fax: (713) 286-5402

Pipeline Emergencies:
(Not to be used for any
other purpose)

SOUTHWEST GAS STORAGE COMPANY
Attn: Gas Control
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-5623
Toll Free: 1-800-225-3913

All Other:

Southwest Gas Storage Company
Attn: Customer Services
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-4272 or
1-800-275-7375
Fax: (713) 989-1178

Contract No. _____

IN WITNESS WHEREOF, both Southwest and Shipper have caused this Agreement to be executed in several counterparts by their respective officers or other persons duly authorized to do so.

SHIPPER: _____

By: _____

(Please type or print name)

Title: _____

EXECUTED _____, _____
(Date)

SOUTHWEST GAS STORAGE COMPANY

By: _____

(Please type or print name)

Title: _____

EXECUTED _____, _____
(Date)

Contract No. _____
Amendment No. _____

EXHIBIT A
Firm Parking Service
Under Rate Schedule FPS
Contract No. _____

TERM

The Term of this Agreement shall be _____.

Injection Period Start Date _____
Injection Period End Date _____
Withdrawal Period Start Date _____
Withdrawal Period End Date _____

CONTRACT QUANTITIES

This Agreement provides service utilizing the (choose one)

_____ East Area Storage Facilities
_____ West Area Storage Facilities

Maximum Parked Quantity (MPQ):	_____	Dt
Maximum Daily Injection Quantity (MIQ):	_____	Dt
Maximum Daily Withdrawal Quantity (MWQ):	_____	Dt

SHIPPER: _____

BY: _____

DATED: _____

(Please type or print name)

SOUTHWEST GAS STORAGE COMPANY

BY: _____

(Please type or print name)

DATED: _____

SUPERSEDES AMENDMENT NO. _____

Contract No. _____
Amendment No. _____

EXHIBIT B
Firm Parking Service
Under Rate Schedule FPS
Contract No. _____

MARKET BASED RATES

This Agreement provides service utilizing the (choose one)

_____ East Area Storage Facilities
_____ West Area Storage Facilities

These Market Based Rates are effective for the period _____.

	Rate per Dt
Firm Parking Reservation Charge	\$ _____
Firm Parking Injection Charge (1)	_____
Firm parking Withdrawal Charge	_____

Fuel Reimbursement	
Injection	_____ %
Withdrawal	_____ %

(1) The ACA Unit Charge is applicable to Shipper pursuant to Section 3.3 of Rate Schedule FPS.

SHIPPER: _____

BY: _____

(Please type or print name)

DATED: _____

SOUTHWEST GAS STORAGE COMPANY

BY: _____

(Please type or print name)

DATED: _____

SUPERSEDES AMENDMENT NO. _____

RATE SCHEDULE FLS
FIRM LOAN SERVICE
FORM OF LOAN SERVICE AGREEMENT

CONTRACT NO. _____

This Agreement, is made and entered into as of the _____ day of _____, _____, by and between Southwest Gas Storage Company (hereinafter called "Southwest") and _____ (hereinafter called "Shipper"). In consideration of mutual covenants and agreements as herein set forth, both Southwest and Shipper covenant and agree upon the following terms and conditions:

ARTICLE 1 - SERVICE

Southwest agrees to loan gas for the account of Shipper and unpark, on a firm and capacity available basis, Quantities of Gas at any specified point(s) on any day of the withdrawal period, as set forth on Exhibit A, up to the Maximum Daily Withdrawal Quantity, as set forth on Exhibit A, at Southwest's East Area Storage Facilities or West Area Storage Facilities, as defined in the General Terms and Conditions, and inject, on a firm basis, Quantities of Gas on any day of the injection period, as set forth on Exhibit A, up to the Maximum Daily Injection Quantity, as set forth on Exhibit A. Withdrawals shall occur under this Agreement such that Shipper's Loan Balance at the end of the withdrawal period is equal to Shipper's Maximum Loan Quantity, as set forth on Exhibit A. Injections shall occur under this Agreement such that Shipper's Loan Balance shall equal zero (0) at the end of the injection period.

ARTICLE 2 - TERM

This Agreement shall become effective from the date first stated above. The term for this Agreement shall be set forth on Exhibit A.

ARTICLE 3 - RATES AND CHARGES

For the loan services provided or contracted for hereunder, Shipper agrees to pay the applicable charges under Southwest's Rate Schedule FLS at the Market Based Rates set forth in Exhibit B hereto. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the terms under Rate Schedule FLS and the applicability thereof, the General Terms and Conditions or any other provisions of Southwest's Tariff, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder.

ARTICLE 4 - FUEL REIMBURSEMENT

In addition to collection of the rates and charges provided for in Article 3, Southwest shall retain the percentage, as set forth in Exhibit B hereto, of the Quantities delivered to Shipper and withdrawn hereunder and the Quantities received from Shipper and injected hereunder for reimbursement in kind from Shipper for Fuel Reimbursement.

ARTICLE 5 - GENERAL TERMS AND CONDITIONS

The Loan Service Agreement and all terms for service hereunder are subject to the further provisions of Rate Schedule FLS and the General Terms and Conditions of Southwest's Tariff, as such may be modified, supplemented, superseded or replaced generally or as to the service hereunder. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the provisions of Rate Schedule FLS and the General Terms and Conditions, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder. Such Rate Schedule FLS and the General Terms and Conditions, as may be changed from time to time, are by this reference incorporated in their entirety into this Agreement and made an integral part hereof.

ARTICLE 6 - SUCCESSION AND ASSIGNMENTS

This Agreement shall be binding upon and inure to the benefit of any successor(s) to either Southwest or Shipper by merger, consolidation or acquisition. Either Southwest or Shipper may assign or pledge this Agreement and all rights and obligations hereunder under the provisions of any mortgage, deed of trust, indenture or other instrument which it has executed or may execute hereafter as security for indebtedness.

ARTICLE 7 - CANCELLATION OF PREVIOUS CONTRACTS

This Agreement supersedes and cancels the following Loan Service Agreement(s) between the parties hereto:

ARTICLE 8 - NOTICES

Any formal notice, request or demand which either party hereto may desire to give to the other respecting this Loan Service Agreement shall be in writing and sent to Southwest's address posted on Southwest's Web Site or to Shipper's address stated below, or such other physical or electronic address as either party shall designate by written or electronic communication.

Shipper:

Billing:

Nomination and Scheduling:

Emergency:

All Other:

Southwest:

Nomination and Scheduling:

Southwest Gas Storage Company
Attn: Marketing Operations
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 962-9862
Fax: (713) 286-5402

Pipeline Emergencies:
(Not to be used for any
other purpose)

SOUTHWEST GAS STORAGE COMPANY
Attn: Gas Control
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-5623
Toll Free: 1-800-225-3913

All Other:

Southwest Gas Storage Company
Attn: Customer Services
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-4272 or
1-800-275-7375
Fax: (713) 989-1178

Contract No. _____

IN WITNESS WHEREOF, both Southwest and Shipper have caused this Agreement to be executed in several counterparts by their respective officers or other persons duly authorized to do so.

SHIPPER: _____

By: _____

(Please type or print name)

Title: _____

EXECUTED _____,
(Date)

SOUTHWEST GAS STORAGE COMPANY

By: _____

(Please type or print name)

Title: _____

EXECUTED _____,
(Date)

Contract No. _____
Amendment No. _____

EXHIBIT A
Firm Loan Service
Under Rate Schedule FLS
Contract No. _____
TERM

The Term of this Agreement shall be _____.

Withdrawal Period Start Date _____
Withdrawal Period End Date _____
Injection Period Start Date _____
Injection Period End Date _____

CONTRACT QUANTITIES

This Agreement provides service utilizing the (choose one)

_____ East Area Storage Facilities
_____ West Area Storage Facilities

Maximum Loan Quantity (MLQ):	_____	Dt
Maximum Daily Injection Quantity (MIQ):	_____	Dt
Maximum Daily Withdrawal Quantity (MWQ):	_____	Dt

SHIPPER: _____

BY: _____

DATED: _____

(Please type or print name)

SOUTHWEST GAS STORAGE COMPANY

BY: _____

(Please type or print name)

DATED: _____

SUPERSEDES AMENDMENT NO. _____

Contract No. _____
Amendment No. _____

EXHIBIT B
Firm Loan Service
Under Rate Schedule FLS
Contract No. _____

MARKET BASED RATES

This Agreement provides service utilizing the (choose one)

_____ East Area Storage Facilities
_____ West Area Storage Facilities

These Market Based Rates are effective for the period _____.

	Rate per Dt
Firm Loan Reservation Charge	\$ _____
Firm Loan Injection Charge (1)	_____
Firm Loan Withdrawal Charge	_____

Fuel Reimbursement	
Injection	_____ %
Withdrawal	_____ %

(1) The ACA Unit Charge is applicable to Shipper pursuant to Section 3.3 of Rate Schedule FLS.

SHIPPER: _____

BY: _____

(Please type or print name)

DATED: _____

SOUTHWEST GAS STORAGE COMPANY

BY: _____

(Please type or print name)

DATED: _____

SUPERSEDES AMENDMENT NO. _____

RATE SCHEDULE ISS
INTERRUPTIBLE STORAGE SERVICE
FORM OF STORAGE SERVICE AGREEMENT

CONTRACT NO. _____

This Agreement, is made and entered into as of the _____ day of _____, _____, by and between Southwest Gas Storage Company (hereinafter called "Southwest") and _____ (hereinafter called "Shipper"). In consideration of mutual covenants and agreements as herein set forth, both Southwest and Shipper covenant and agree upon the following terms and conditions:

ARTICLE 1 - SERVICE

Southwest agrees to inject and withdraw at the interconnection of Panhandle Eastern Pipe Line Company, LP's transmission facilities and Southwest's East Area Storage Facilities or West Area Storage Facilities, as defined in the General Terms and Conditions, and store on a fully interruptible basis, Quantities of Natural Gas as described in Section 2 of Rate Schedule ISS and as set forth on Exhibit A hereto.

ARTICLE 2 - TERM

This Agreement shall become effective from the date first stated above. The term for this Agreement shall be set forth on Exhibit A.

ARTICLE 3 - RATES AND CHARGES

For the storage services provided or contracted for hereunder, Shipper agrees to pay the applicable charges under Southwest's Rate Schedule ISS at the Market Based Rates set forth in Exhibit B hereto. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the terms under Rate Schedule ISS and the applicability thereof, the General Terms and Conditions or any other provisions of Southwest's Tariff, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder.

ARTICLE 4 - FUEL REIMBURSEMENT

In addition to collection of the rates and charges provided for in Article 3, Southwest shall retain the percentage stated in Exhibit B hereto of the Quantities received from Shipper and injected hereunder and of the Quantities redelivered to Shipper and withdrawn hereunder for reimbursement in kind from Shipper for Fuel Reimbursement.

ARTICLE 5 - GENERAL TERMS AND CONDITIONS

The Storage Service Agreement and all terms for service hereunder are subject to the further provisions of Rate Schedule ISS and the General Terms and Conditions of Southwest's Tariff, as such may be modified, supplemented, superseded or replaced generally or as to the service hereunder. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the provisions of Rate Schedule ISS and the General Terms and Conditions, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder. Such Rate Schedule ISS and the General Terms and Conditions, as may be changed from time to time, are by this reference incorporated in their entirety into this Agreement and made an integral part hereof. Southwest makes no representation, assurance or warranty that capacity will be available on Southwest's system at any time to provide storage services and Shipper agrees that Southwest shall bear no responsibility or liability to any person if capacity does not exist on any day to provide service hereunder.

ARTICLE 6 - SUCCESSION AND ASSIGNMENTS

This Agreement shall be binding upon and inure to the benefit of any successor(s) to either Southwest or Shipper by merger, consolidation or acquisition. Either Southwest or Shipper may assign or pledge this Agreement and all rights and obligations hereunder under the provisions of any mortgage, deed of trust, indenture or other instrument which it has executed or may execute hereafter as security for indebtedness.

ARTICLE 7 - CANCELLATION OF PREVIOUS CONTRACTS

This Agreement supersedes and cancels the following Storage Service Agreement(s) between the parties hereto:

ARTICLE 8 - NOTICES

Any formal notice, request or demand which either party hereto may desire to give to the other respecting this Storage Service Agreement shall be in writing and sent to Southwest's address posted on Southwest's Web Site or to Shipper's address stated below, or such other physical or electronic address as either party shall designate by written or electronic communication.

Shipper:

Billing:

Nomination and
Scheduling:

Emergency:

All Other:

Southwest:

Nomination and Scheduling:

Southwest Gas Storage Company
Attn: Marketing Operations
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 962-9862
Fax: (713) 286-5402

Pipeline Emergencies:
(Not to be used for any
other purpose)

SOUTHWEST GAS STORAGE COMPANY
Attn: Gas Control
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-5623
Toll Free: 1-800-225-3913

All Other:

Southwest Gas Storage Company
Attn: Customer Services
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-4272 or
1-800-275-7375
Fax: (713) 989-1178

Contract No. _____

IN WITNESS WHEREOF, both Southwest and Shipper have caused this Agreement to be executed in several counterparts by their respective officers or other persons duly authorized to do so.

SHIPPER: _____

By: _____

(Please type or print name)

Title: _____

EXECUTED _____, _____
(Date)

SOUTHWEST GAS STORAGE COMPANY

By: _____

(Please type or print name)

Title: _____

EXECUTED _____, _____
(Date)

Contract No. _____

Amendment No. _____

EXHIBIT A
Interruptible Storage Service
Under Rate Schedule ISS
Contract No. _____

TERM

The term of this agreement shall be _____.

CONTRACT QUANTITIES

This Agreement provides service utilizing the (choose one)

_____ East Area Storage Facilities

_____ West Area Storage Facilities

Maximum Annual Quantity (MAQ): _____ Dt

Maximum Daily Injection Quantity (MIQ): _____ Dt

Maximum Daily Withdrawal Quantity (MWQ): _____ Dt

SHIPPER: _____

BY: _____

(Please type or print name)

DATED: _____

SOUTHWEST GAS STORAGE COMPANY

BY: _____

(Please type or print name)

DATED: _____

SUPERSEDES AMENDMENT NO. _____

Contract No. _____

Amendment No. _____

EXHIBIT B
Interruptible Storage Service
Under Rate Schedule ISS
Contract No. _____

MARKET BASED RATES

This Agreement provides service utilizing the (choose one)

_____ East Area Storage Facilities

_____ West Area Storage Facilities

These Market Based Rates are effective for the period _____.

	<u>Rate per Dt</u>
Inventory Charge	\$ _____
Authorized Overrun Charge	_____
ACA Unit Charge (1)	
Fuel Reimbursement	
Injection	_____ %
Withdrawal	_____ %

(1) The ACA Unit Charge is applicable to Shipper pursuant to Section 3.4 of Rate Schedule ISS.

SHIPPER: _____

BY: _____

(Please type or print name)

DATED: _____

SOUTHWEST GAS STORAGE COMPANY

BY: _____

(Please type or print name)

DATED: _____

SUPERSEDES AMENDMENT NO. _____

RATE SCHEDULE IGB
INTERRUPTIBLE GAS BALANCING SERVICE
FORM OF BALANCING SERVICE AGREEMENT

CONTRACT NO. _____

This Agreement, is made and entered into as of the _____ day of _____, _____, by and between Southwest Gas Storage Company (hereinafter called "Southwest") and _____ (hereinafter called "Shipper"). In consideration of mutual covenants and agreements as herein set forth, both Southwest and Shipper covenant and agree upon the following terms and conditions:

ARTICLE 1 - SERVICE

Southwest agrees to (1) receive gas for the account of Shipper and park or (2) loan gas for the account of Shipper and unpark, on an interruptible and capacity available basis, quantities of Natural Gas at any specified point(s) at any time up to the Maximum Park Quantity or Maximum Loan Quantity, as applicable, at Southwest's East Area Storage Facilities or West Area Storage Facilities, as defined in the General Terms and Conditions and inject and withdraw, on an interruptible basis, Quantities of Natural Gas as described in Section 2 of Rate Schedule IGB and as set forth on Exhibit A hereto.

ARTICLE 2 - TERM

This Agreement shall become effective from the date first stated above. The term for this Agreement shall be set forth on Exhibit A.

ARTICLE 3 - RATES AND CHARGES

For the balancing services provided or contracted for hereunder, Shipper agrees to pay the applicable charges under Southwest's Rate Schedule IGB at the Market Based Rates set forth in Exhibit B hereto. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the terms under Rate Schedule IGB and the applicability thereof, the General Terms and Conditions or any other provisions of Southwest's Tariff, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder.

ARTICLE 4 - FUEL REIMBURSEMENT

In addition to collection of the rates and charges provided for in Article 3, Southwest shall retain the percentage stated in Exhibit B hereto, of the Quantities received from Shipper and injected hereunder and of the Quantities redelivered/loaned to Shipper and withdrawn hereunder for reimbursement in kind from Shipper for Fuel Reimbursement.

ARTICLE 5 - GENERAL TERMS AND CONDITIONS

The Balancing Service Agreement and all terms for service hereunder are subject to the further provisions of Rate Schedule IGB and the General Terms and Conditions of Southwest's Tariff, as such may be modified, supplemented, superseded or replaced generally or as to the service hereunder. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the provisions of Rate Schedule IGB and the General Terms and Conditions, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder. Such Rate Schedule IGB and the General Terms and Conditions, as may be changed from time to time, are by this reference incorporated in their entirety into this Agreement and made an integral part hereof. Southwest makes no representation, assurance or warranty that capacity will be available on Southwest's system at any time to provide parking services and Shipper agrees that Southwest shall bear no responsibility or liability to any person if capacity does not exist on any day to provide service hereunder.

ARTICLE 6 - SUCCESSION AND ASSIGNMENTS

This Agreement shall be binding upon and inure to the benefit of any successor(s) to either Southwest or Shipper by merger, consolidation or acquisition. Either Southwest or Shipper may assign or pledge this Agreement and all rights and obligations hereunder under the provisions of any mortgage, deed of trust, indenture or other instrument which it has executed or may execute hereafter as security for indebtedness.

ARTICLE 7 - CANCELLATION OF PREVIOUS CONTRACTS

This Agreement supersedes and cancels the following Balancing Service Agreement(s) between the parties hereto:

ARTICLE 8 - NOTICES

Any formal notice, request or demand which either party hereto may desire to give to the other respecting this Balancing Service Agreement shall be in writing and sent to Southwest's address posted on Southwest's Web Site or to Shipper's address stated below, or such other physical or electronic address as either party shall designate by written or electronic communication.

Shipper:

Billing:

Nomination and
Scheduling:

Emergency:

All Other:

Southwest:

Nomination and Scheduling:

Southwest Gas Storage Company
Attn: Marketing Operations
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 962-9862
Fax: (713) 286-5402

Pipeline Emergencies:
(Not to be used for any
other purpose)

SOUTHWEST GAS STORAGE COMPANY
Attn: Gas Control
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-5623
Toll Free: 1-800-225-3913

All Other:

Southwest Gas Storage Company
Attn: Customer Services
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-4272 or
1-800-275-7375
Fax: (713) 989-1178

Contract No. _____

IN WITNESS WHEREOF, both Southwest and Shipper have caused this Agreement to be executed in several counterparts by their respective officers or other persons duly authorized to do so.

SHIPPER: _____

By: _____

(Please type or print name)

Title: _____

EXECUTED _____,
(Date)

SOUTHWEST GAS STORAGE COMPANY

By: _____

(Please type or print name)

Title: _____

EXECUTED _____,
(Date)

Contract No. _____
Amendment No. _____

EXHIBIT A
Interruptible Balancing Service
Under Rate Schedule IGB
Contract No. _____

TERM

The term of this agreement shall be _____.

CONTRACT QUANTITIES

This Agreement provides service utilizing the (choose one)

_____ East Area Storage Facilities
_____ West Area Storage Facilities

Maximum Park Quantity (MPQ)	_____ Dt
Maximum Loan Quantity (MLQ)	_____ Dt
Maximum Daily Injection Quantity (MIQ):	_____ Dt
Maximum Daily Withdrawal Quantity (MWQ):	_____ Dt

SHIPPER: _____

BY: _____

(Please type or print name)

DATED: _____

SOUTHWEST GAS STORAGE COMPANY

BY: _____

(Please type or print name)

DATED: _____

SUPERSEDES AMENDMENT NO. _____

Contract No. _____
Amendment No. _____

EXHIBIT B

Interruptible Balancing Service
Under Rate Schedule IGB
Contract No. _____

MARKET BASED RATES

This Agreement provides service utilizing the (choose one)

_____ East Area Storage Facilities
_____ West Area Storage Facilities

These Market Based Rates are effective for the period _____.

	<u>Rate per Dt</u>
Interruptible Balancing Charge	\$ _____
Interruptible Balancing Injection Charge	_____
Interruptible Balancing Withdrawal Charge	_____
ACA Unit Charge (1)	
Fuel Reimbursement	
Injection	_____ %
Withdrawal	_____ %

(1) The ACA Unit Charge is applicable to Shipper pursuant to Section 3.3 of Rate Schedule IGB.

SHIPPER: _____

BY: _____

(Please type or print name)

DATED: _____

SOUTHWEST GAS STORAGE COMPANY

BY: _____

(Please type or print name)

DATED: _____

SUPERSEDES AMENDMENT NO. _____

CAPACITY RELEASE
FORM OF SERVICE AGREEMENT

CONTRACT NO. _____

THIS AGREEMENT is made effective as of the _____ day of _____,
_____, by and between:

SOUTHWEST GAS STORAGE COMPANY, (hereinafter called "Southwest"), a Delaware
Corporation,

and

_____, (hereinafter called
"Replacement Shipper"). In consideration of the mutual covenants and agreements as herein set forth,
both Southwest and Replacement Shipper covenant and agree as follows:

ARTICLE 1 - SERVICE

For each occasion that Replacement Shipper obtains capacity from a Releasing Shipper through Southwest's capacity release program, an Addendum in the form of Exhibit A and Exhibit B, attached hereto will be made a part hereof. The specific terms and conditions of each release shall be reflected in each Addendum, which shall be incorporated and made a part of this Agreement, and which together shall constitute the terms and conditions of Southwest's service for each release.

Southwest agrees to receive at the Points of Receipt and deliver at the Points of Delivery, on a firm basis, Quantities of Natural Gas up to the Maximum Annual Quantity or Maximum Park Quantity obtained from the Releasing Shipper, as set forth on Exhibit A. The Maximum Annual Quantity or Maximum Park Quantity is stated in delivered Quantities, for which received Quantities must be adjusted for fuel usage and lost or unaccounted for gas as set out in the then-effective, applicable rates and charges under Southwest's Rate Schedules applicable to the Releasing Shipper. Southwest also agrees to loan, on a firm basis, Quantities of Natural Gas up to the Maximum Loan Quantity as set forth on Exhibit A.

ARTICLE 2 - TERM

This Agreement shall be effective from the date first stated above until _____,
when this Agreement shall expire. Service shall commence and remain effective for a term coincidental for each capacity release term identified in each Addendum.

ARTICLE 3 - RATES AND CHARGES

For the services provided or contracted for hereunder (including any Addendum hereunder), Shipper agrees to pay Southwest the applicable charges under Southwest's Rate Schedules FSS, FPS or FLS at Market Based Rates set forth in Exhibit B hereto. Southwest reserves the right from time to time to unilaterally file and to make effective any such changes in the terms under Rate Schedules FSS, FPS or FLS and the applicability thereof, the General Terms and Conditions or any other provisions of Southwest's Tariff, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder.

ARTICLE 4 - FUEL REIMBURSEMENT

In addition to collection of the rates and charges provided for in each Addendum, Southwest shall retain, as Fuel Reimbursement, the percentage of the Quantities received from Shipper hereunder, as set forth in Exhibit B hereto.

ARTICLE 5 - GENERAL TERMS AND CONDITIONS

This Agreement and all terms for service hereunder are subject to the further provisions of the applicable Rate Schedule and the General Terms and Conditions of Southwest's Tariff, as such may be modified, supplemented, superseded or replaced generally or as to the service hereunder. Southwest reserves the right from time to time to unilaterally file and to make effective any such changes in the provisions of the applicable Rate Schedules and the General Terms and Conditions, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder. Such Rate Schedule and General Terms and Conditions, as may be changed from time to time, are by this reference incorporated in their entirety into this Agreement and made an integral part hereof.

ARTICLE 6 - NOTICES

Any formal notice, request or demand which either party hereto may desire to give to the other respecting this Storage Service, Parking Service or Loan Service Agreement shall be in writing and sent to Southwest's address posted on Southwest's Web Site or to Shipper's address stated below, or such other physical or electronic address as either party shall designate by written or electronic communication.

Southwest:

Nomination and Scheduling:	Southwest Gas Storage Company
	Attn: Marketing Operations
	P. O. Box 4967
	Houston, Texas 77210-4967
	Phone: (713) 962-9862
	Fax: (713) 286-5402

Pipeline Emergencies:
(Not to be used for any
other purpose)

Southwest Gas Storage Company
Attn: Gas Control
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-5623
Toll Free: 1-800-225-3913

All Other:

Southwest Gas Storage Company
Attn: Customer Services
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-4272 or
1-800-275-7375
Fax: (713) 989-1178

Replacement Shipper:

Billing:

Nomination and Scheduling: (1)

Emergency:

All Other:

(1) Please provide street address in addition to mailing address.

Contract No. _____

IN WITNESS WHEREOF, both Southwest and Replacement Shipper have caused this Agreement to be executed in several counterparts by their respective officers or other persons duly authorized to do so.

REPLACEMENT SHIPPER: _____

By: _____

(Please type or print name)

Title: _____

EXECUTED _____, _____
(Date)

SOUTHWEST GAS STORAGE COMPANY

By: _____

(Please type or print name)

Title: _____

EXECUTED _____, _____
(Date)

EXHIBIT A

Capacity Release Agreement No. _____
Addendum No. _____
Capacity Release
Service Agreement
Between
Southwest Gas Storage Company

and _____

Releasing Shipper
Contract No. _____

Releasing Shipper
Rate Schedule _____

Original Releasing
Shipper Contract No. _____

Regulation _____

Permanent or Temporary Release _____

Conditions of Recall _____

Term of Release

Begin _____ End _____

Capacity Rights

This Agreement provides service utilizing the (choose one)

_____ East Area Storage Facilities

_____ West Area Storage Facilities

Quantities pertaining to release of Rate Schedules FSS, FPS or FLS:

Maximum Annual Quantity (MAQ):	_____	Dt
Maximum Park Quantity (MPQ):	_____	Dt
Maximum Loan Quantity (MLQ):	_____	Dt
Maximum Daily Injection Quantity (MIQ):	_____	Dt
Maximum Daily Withdrawal Quantity (MWQ):	_____	Dt

Capacity Release Agreement No. _____
Addendum No. _____

EXHIBIT B

MARKET BASED RATES

This Agreement provides service utilizing the (choose one)
_____ East Area Storage Facilities _____ West Area Storage Facilities

Charges pertaining to release of Rate Schedule FSS:

	<u>Rate per Dt</u>
Capacity Charge	\$ _____
Deliverability Charge	_____
Injection Charge (1)	_____
Withdrawal Charge	_____
Authorized Overrun Charge	_____
Fuel Reimbursement	
Injection	_____ %
Withdrawal	_____ %

Charges pertaining to release of Rate Schedule FPS:

	<u>Rate per Dt</u>
Firm Parking Reservation Charge	\$ _____
Firm Parking Injection Charge (1)	_____
Firm Parking Withdrawal Charge	_____
Fuel Reimbursement	
Injection	_____ %
Withdrawal	_____ %

Charges pertaining to release of Rate Schedule FLS:

	<u>Rate per Dt</u>
Firm Loan Reservation Charge	\$ _____
Firm Loan Injection Charge (1)	_____
Firm Loan Withdrawal Charge	_____
Fuel Reimbursement	
Injection	_____ %
Withdrawal	_____ %

(1) The ACA Unit Charge is applicable to Shippers pursuant to Section 3.4 of Rate Schedule FSS and Section 3.3 of Rate Schedules FPS and FLS.

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CURRENTLY EFFECTIVE RATES
RATE SCHEDULE NNS

Each rate set forth on this tariff section is the currently effective rate pertaining to the particular rate schedule to which it is referenced, but each such rate is separate and independent and the change in any such rate shall not thereby effect a change in any other rate schedule.

	<u>Rate Per Dt</u>
<u>West Area</u>	
<u>No-Notice Reservation Charge</u>	<u>Market Based (1) (2)</u>
 <u>East Area</u>	
<u>No-Notice Reservation Charge</u>	<u>Market Based (1) (2)</u>

(1) Market Based rates are set forth in each Shipper's No-Notice Storage Service Agreement.

(2) The No-Notice Reservation Charge is in addition to applicable charges under Rate Schedule FSS as stated in Shipper's Firm Storage Service Agreement.

CURRENTLY EFFECTIVE RATES
RATE SCHEDULE FPS

Each rate set forth on this tariff section is the currently effective rate pertaining to the particular rate schedule to which it is referenced, but each such rate is separate and independent and the change in any such rate shall not thereby effect a change in any other rate schedule.

	<u>Rate Per Dt</u>
<u>West Area</u>	
<u>Firm Parking Reservation Charge</u>	<u>Market Based (1)</u>
<u>Firm Parking Injection Charge</u>	<u>Market Based (1)(2)</u>
<u>Firm Parking Withdrawal Charge</u>	<u>Market Based (1)</u>
<u>Fuel Reimbursement</u>	
<u>Injection</u>	<u>Market Based (1)</u>
<u>Withdrawal</u>	<u>Market Based (1)</u>
<u>East Area</u>	
<u>Firm Parking Reservation Charge</u>	<u>Market Based (1)</u>
<u>Firm Parking Injection Charge</u>	<u>Market Based (1)(2)</u>
<u>Firm Parking Withdrawal Charge</u>	<u>Market Based (1)</u>
<u>Fuel Reimbursement</u>	
<u>Injection</u>	<u>Market Based (1)</u>
<u>Withdrawal</u>	<u>Market Based (1)</u>

(1) Market Based rates are set forth in each Shipper's Parking Service Agreement.

(2) The ACA Unit Charge is applicable to Shippers pursuant to Section 3.3 of Rate Schedule FPS and is charged separately.

CURRENTLY EFFECTIVE RATES
RATE SCHEDULE FLS

Each rate set forth on this tariff section is the currently effective rate pertaining to the particular rate schedule to which it is referenced, but each such rate is separate and independent and the change in any such rate shall not thereby effect a change in any other rate schedule.

	<u>Rate Per Dt</u>
<u>West Area</u>	
<u>Firm Loan Reservation Charge</u>	<u>Market Based (1)</u>
<u>Firm Loan Injection Charge</u>	<u>Market Based (1)(2)</u>
<u>Firm Loan Withdrawal Charge</u>	<u>Market Based (1)</u>
<u>Fuel Reimbursement</u>	
<u>Injection</u>	<u>Market Based (1)</u>
<u>Withdrawal</u>	<u>Market Based (1)</u>
<u>East Area</u>	
<u>Firm Loan Reservation Charge</u>	<u>Market Based (1)</u>
<u>Firm Loan Injection Charge</u>	<u>Market Based (1)(2)</u>
<u>Firm Loan Withdrawal Charge</u>	<u>Market Based (1)</u>
<u>Fuel Reimbursement</u>	
<u>Injection</u>	<u>Market Based (1)</u>
<u>Withdrawal</u>	<u>Market Based (1)</u>

(1) Market Based rates are set forth in each Shipper's Loan Service Agreement.

(2) The ACA Unit Charge is applicable to Shippers pursuant to Section 3.3 of Rate Schedule FLS and is charged separately.

CURRENTLY EFFECTIVE RATES
 RATE SCHEDULE ISS

Each rate set forth on this tariff section is the currently effective rate pertaining to the particular rate schedule to which it is referenced, but each such rate is separate and independent and the change in any such rate shall not thereby effect a change in any other rate schedule.

	<u>Rate Per Dt</u>
<u>West Area</u>	
Inventory Charge	Market Based (1)
Authorized Overrun Charge	Market Based (1)
ACA Unit Charge	(2)
Fuel Reimbursement	
Injection	Market Based (1)
Withdrawal	Market Based (1)
<u>East Area</u>	
Inventory Charge	Market Based (1)
Authorized Overrun Charge	Market Based (1)
ACA Unit Charge	(2)
Fuel Reimbursement	
Injection	Market Based (1)
Withdrawal	Market Based (1)

- (1) Market Based rates are set forth in each Shipper's Storage Service Agreement.
 (2) The ACA Unit Surcharge is applicable to Shippers pursuant to Section 3.4 of Rate Schedule ISS and is charged separately.

CURRENTLY EFFECTIVE RATES
RATE SCHEDULE IGB

Each rate set forth on this tariff section is the currently effective rate pertaining to the particular rate schedule to which it is referenced, but each such rate is separate and independent and the change in any such rate shall not thereby effect a change in any other rate schedule.

	<u>Rate Per Dt</u>
<u>West Area</u>	
<u>Interruptible Balancing Charge</u>	<u>Market Based (1)</u>
<u>Interruptible Balancing Injection Charge</u>	<u>Market Based (1)(2)</u>
<u>Interruptible Balancing Withdrawal Charge</u>	<u>Market Based (1)</u>
<u>Fuel Reimbursement</u>	
<u>Injection</u>	<u>Market Based (1)</u>
<u>Withdrawal</u>	<u>Market Based (1)</u>
<u>East Area</u>	
<u>Interruptible Balancing Charge</u>	<u>Market Based (1)</u>
<u>Interruptible Balancing Injection Charge</u>	<u>Market Based (1)(2)</u>
<u>Interruptible Balancing Withdrawal Charge</u>	<u>Market Based (1)</u>
<u>Fuel Reimbursement</u>	
<u>Injection</u>	<u>Market Based (1)</u>
<u>Withdrawal</u>	<u>Market Based (1)</u>

(1) Market Based rates are set forth in each Shipper's Balancing Service Agreement.

(2) The ACA Unit Charge is applicable to Shippers pursuant to Section 3.3 of Rate Schedule IGB and is charged separately.

Part V
Rate Schedules

1. Rate Schedule FSS	Firm Storage Service
<u>2. Rate Schedule NNS</u>	<u>No-Notice Storage Service</u>
<u>3. Rate Schedule FPS</u>	<u>Firm Parking Service</u>
<u>4. Rate Schedule FLS</u>	<u>Firm Loan Service</u>
<u>5. Rate Schedule ISS</u>	<u>Interruptible Storage Service</u>
<u>6. Rate Schedule IGB</u>	<u>Interruptible Gas Balancing Service</u>

RATE SCHEDULE NNS
NO-NOTICE STORAGE SERVICE

1. AVAILABILITY

This Rate Schedule NNS is available to any person (Shipper) for the purchase of no-notice storage service from Southwest Gas Storage Company (Southwest) upon execution of a No-Notice Storage Service Agreement and a Firm Storage Service Agreement, under Rate Schedule FSS, in the form provided for in this Tariff.

Shipper shall arrange separately for any upstream and/or downstream transportation attendant to the no-notice storage service provided hereunder and Shipper shall pay separately for such transportation services.

Southwest is not obligated to provide any no-notice storage service for which capacity is not available, which would constrain the operational efficiency of its facilities, or which would require the construction, purchase or acquisition of new facilities or the modification or expansion of existing facilities.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule shall apply to all no-notice storage service rendered by Southwest to Shipper through use of Southwest's West Area Storage Facilities and East Area Storage Facilities pursuant to an executed No-Notice Storage Service Agreement. No-notice service is combined with Shipper's rights to Firm Storage Service under a Firm Storage Service Agreement for service under Rate Schedule FSS to allow Shipper the flexibility to manage the netting of any deviations from Shipper's nominations against Shipper's Storage Balance.

(A) No-notice storage service rendered to Shipper under this Rate Schedule shall allow Shipper to alter, without nominating, Shipper's injections or withdrawals, at points specified in Shipper's No-Notice Storage Service Agreement, from nominations made by Shipper under Rate Schedule FSS, by any amount, plus or minus, up to Shipper's No-Notice Maximum Daily Quantity (No-Notice MDQ), as set forth in Shipper's No-Notice Storage Service Agreement, without complying with the deadlines for nominations under GT&C Section 3.1; provided:

(1) Shipper may not use no-notice deviations from nominations to exceed Shipper's Maximum Daily Injection Quantity (MIQ) set forth in Shipper's Firm Storage Service Agreement unless Southwest agrees to Authorized Injection Overrun Quantities (as defined in FSS Rate Schedule 2.2.B);

(2) Shipper may not use no-notice deviations from nominations to exceed Shipper's Maximum Daily Withdrawal Quantity (MWQ) set forth in

Shipper's Firm Storage Service Agreement unless Southwest agrees to Authorized Withdrawal Overrun Quantities (as defined in FSS Rate Schedule 2.3.B); and

- (3) Shipper may not use no-notice deviations from nominations to allow Shipper's Storage Balance to exceed Shipper's Maximum Annual Quantity (MAQ) set forth in Shipper's Firm Storage Service Agreement or to be less than zero (0).

3. RATE

The rates and charges for no-notice storage service under this Rate Schedule NNS shall include the applicable rate components as described in Sections 3.1.

3.1 No-Notice Charges

For no-notice storage service rendered to Shipper under this Rate Schedule NNS, Shipper shall pay Southwest each Month the following charge as set forth in the Shipper's No-Notice Storage Service Agreement:

(A) No-Notice Reservation Charge

The monthly Reservation Charge shall be the product of Shipper's No-Notice MDQ and the reservation rate per Dt as set forth in Shipper's No-Notice Storage Service Agreement.

4. MONTHLY BILL

The monthly bill for no-notice storage service shall be the sum of the No-Notice Reservation Charge as defined in Section 3 of this Rate Schedule at rates and terms set forth in Shipper's No-Notice Storage Service Agreement.

5. TERM

The term for service under this Rate Schedule shall be set forth in Shipper's No-Notice Storage Service Agreement.

6. RESERVATIONS

Southwest reserves the unilateral right from time to time to make any changes to, or to supersede, the terms in this Rate Schedule NNS and the other provisions of Southwest's FERC Gas Tariff, and the applicability thereof, subject to the provisions of the Natural Gas Act, the Natural Gas Policy Act and the Commission's Regulations thereunder.

7. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of Southwest's FERC Gas Tariff are applicable to this Rate Schedule and are hereby made a part hereof.

RATE SCHEDULE FPS
FIRM PARKING SERVICE

1. AVAILABILITY

This Rate Schedule FPS is available to any person (Shipper) for the purchase of natural gas parking service on a firm basis from Southwest Gas Storage Company (Southwest) upon execution of a Parking Service Agreement in the form provided for in this Tariff.

Shipper shall arrange separately for any upstream and/or downstream transportation attendant to the firm parking service provided hereunder and Shipper shall pay separately for such transportation services.

Southwest is not obligated to provide any parking service for which capacity is not available, which would constrain the operational efficiency of its facilities, or which would require the construction, purchase or acquisition of new facilities or the modification or expansion of existing facilities.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule shall apply to all firm parking service rendered by Southwest to Shipper through use of Southwest's West Area Storage Facilities and East Area Storage Facilities pursuant to an executed Parking Service Agreement. Firm parking service rendered by Southwest to Shipper under this Rate Schedule shall consist of:

- (A) The receipt on any Day during the injection period, as stated in Shipper's executed Parking Service Agreement, and injection into storage of Shipper's gas per Shipper's nomination up to the Maximum Daily Injection Quantity (MIQ), as stated in Shipper's executed Parking Service Agreement, provided that Shipper delivers the nominated quantity plus Fuel Reimbursement to the Point(s) of Receipt, and Shipper's Park Balance has not exceeded Shipper's Maximum Park Quantity (MPQ);
- (B) The tender by Shipper of sufficient Quantities of Gas under Section 2.1(A) to ensure that Shipper's Park Balance equals Shipper's MPQ at the end of the injection period, provided that, if Shipper's injections during the injection period are curtailed by Southwest, Shipper shall have a reasonable period of time immediately following the Injection period to make injections as necessary for Shipper's Park Balance to equal its MPQ;
- (C) The storage of gas in amounts up to Shipper's MPQ; and
- (D) The withdrawal from storage on any Day during the withdrawal period, as stated in the Shipper's executed Parking Service Agreement, and delivery of Shipper's

gas per Shipper's nomination to the Point(s) of Delivery up to the Maximum Daily Withdrawal Quantity (MWQ), as stated in Shipper's executed Parking Service Agreement, provided the Shipper has a Quantity of Gas in Shipper's Park Balance not less than the quantity Shipper shall have nominated for withdrawal on such Day.

Unless otherwise requested to do so by Southwest, Shipper shall not have the right to inject or withdraw Quantities of Gas for periods other than those stated in the Shipper's executed Parking Service Agreement.

2.2 If Shipper fails to reduce the parked Quantities of Gas to zero (0) under this Rate Schedule at the agreed upon time set forth in Shipper's Parking Service Agreement, Southwest may take, free and clear of any adverse claims, title to such gas, unless otherwise agreed to by Southwest and Shipper, in a not unduly discriminatory manner.

3. RATE

The rates and charges for firm parking service under this Rate Schedule FPS shall include the applicable parking rate components as described in Sections 3.1, 3.2 and 3.3.

3.1 Parking Charges

For parking service rendered to Shipper under this Rate Schedule FPS, Shipper shall pay Southwest each Month the sum of the following charges as set forth in the Shipper's Parking Service Agreement:

(A) Firm Parking Reservation Charge

The monthly charge for each Dt of Shipper's MPQ. The Reservation Charge shall be prorated for the first and last contract months to adjust for the number of days during those months for which service is contracted.

(B) Firm Parking Injection Charge

A charge for each Dt of Shipper's Quantity injected into Southwest's facilities pursuant to Section 2.1(A) of this Rate Schedule during a given Month.

(C) Firm Parking Withdrawal Charge

A charge for each Dt of Shipper's Quantity withdrawn from Southwest's facilities pursuant to Section 2.1(D) of this Rate Schedule during a given Month.

3.2 Fuel Reimbursement

Shipper shall reimburse Southwest in kind for fuel usage pursuant to the terms and conditions of the Parking Service Agreement and as stated in the Shipper's Parking Service Agreement.

3.3 Annual Charge Adjustment Provision (ACA)

Shipper shall pay the ACA unit charge which has been assessed by the Federal Energy Regulatory Commission pursuant to Sections 382.202 and 154.402 of the Regulations. The ACA unit charge, as revised annually and posted on the Commission's website located at <http://www.ferc.gov>, is incorporated by reference in Southwest's Tariff. The annual charges unit charge (ACA unit charge) is stated on the Commission's website under "Industries & Data, Natural Gas, Overview, General Information, Annual Charges, FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge." The ACA unit charge is restated to be effective each October 1 on the first day of the Commission's fiscal year. The ACA unit charge shall be applicable to the Quantity injected into Southwest's facilities by Shipper, as provided for in Section 2.1(A), during any Month.

4. MONTHLY BILL

The monthly bill for parking service shall be the sum of the applicable Parking Charges as defined in Section 3 of this Rate Schedule at rates and terms set forth in Shipper's Parking Service Agreement.

5. TERM

The term for service under this Rate Schedule shall be set forth in Shipper's Parking Service Agreement.

6. RESERVATIONS

Southwest reserves the unilateral right from time to time to make any changes to, or to supersede, the terms in this Rate Schedule FPS and the other provisions of Southwest's FERC Gas Tariff, and the applicability thereof, subject to the provisions of the Natural Gas Act, the Natural Gas Policy Act and the Commission's Regulations thereunder.

7. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of Southwest's FERC Gas Tariff are applicable to this Rate Schedule and are hereby made a part hereof.

RATE SCHEDULE FLS
FIRM LOAN SERVICE

1. AVAILABILITY

This Rate Schedule FLS is available to any person (Shipper) for the purchase of natural gas loan service on a firm basis from Southwest Gas Storage Company (Southwest) upon execution of a Loan Service Agreement in the form provided for in this Tariff.

Shipper shall arrange separately for any upstream and/or downstream transportation attendant to the firm loan service provided hereunder and Shipper shall pay separately for such transportation services.

Southwest is not obligated to provide any loan service for which capacity is not available, which would constrain the operational efficiency of its facilities, or which would require the construction, purchase or acquisition of new facilities or the modification or expansion of existing facilities.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule shall apply to all firm loan service rendered by Southwest to Shipper through use of Southwest's West Area Storage Facilities and East Area Storage Facilities pursuant to an executed Loan Service Agreement. Firm loan service rendered by Southwest to Shipper under this Rate Schedule shall consist of:

- (A) The withdrawal from storage on any Day during the withdrawal period, as stated in Shipper's executed Loan Service Agreement, and delivery of gas to the Point(s) of Delivery, upon nomination and confirmation, of daily Quantities of Gas up to the Maximum Daily Withdrawal Quantity (MWQ), as stated in the Shipper's executed Loan Service Agreement, provided that Shipper's total withdrawals shall not exceed its Maximum Loan Quantity (MLQ);
- (B) The withdrawal by Shipper of sufficient Quantities of Gas under Section 2.1(A) to ensure that Shipper's Loan Balance equals Shipper's MLQ at the end of the withdrawal period, as stated in the Shipper's executed Loan Service Agreement; provided that, if Shipper's withdrawals during the withdrawal period are curtailed by Southwest, Shipper shall have a reasonable period of time immediately following the withdrawal period to make withdrawals as necessary for Shipper's Loan Balance to equal its MLQ;
- (C) The receipt on any Day during the injection period, as stated in Shipper's executed Loan Service Agreement, and injection into storage of Shipper's gas per Shipper's nomination up to the Maximum Daily Injection Quantity (MIQ), as stated in the Shipper's executed Loan Service Agreement, provided that Shipper

delivers the nominated quantity plus Fuel Reimbursement to the Point(s) of Receipt, and Shipper's total injections may not exceed Shipper's MLQ; and

- (D) The tender by Shipper of sufficient Quantities of Gas under Section 2.1(C) to ensure that Shipper's Loan Balance equals zero (0) at the end of the injection period, as stated in the Shipper's executed Loan Service Agreement.

Unless otherwise requested to do so by Southwest, Shipper shall not have the right to inject or withdraw Quantities of Gas for periods other than those stated in the Shipper's executed Loan Service Agreement.

2.2 If Shipper fails to replace or replenish the Quantities of Gas advanced by Southwest to Shipper under this Rate Schedule at the agreed upon time set forth in Shipper's Loan Service Agreement, Southwest may purchase replacement gas and Shipper shall pay Southwest the cost of the replacement gas, which shall include the cost of the replacement gas and any costs or penalties incurred by Southwest or its Shippers as a result of Shipper's failure to deliver replacement gas, including but not limited to, third-party marketing fees, transportation by third-party pipeline companies, and all other costs for securing replacement gas, unless otherwise agreed to by Southwest and Shipper, in a not unduly discriminatory manner.

3. RATE

The rates and charges for firm loan service under this Rate Schedule FLS shall include the applicable loan rate components as described in Sections 3.1, 3.2 and 3.3.

3.1 Loan Charges

For loan service rendered to Shipper under this Rate Schedule FLS, Shipper shall pay Southwest each Month the sum of the following charges as set forth in the Shipper's Loan Service Agreement:

(A) Firm Loan Reservation Charge

The monthly charge for each Dt of Shipper's MLQ. The Reservation Charge shall be prorated for the first and last contract months to adjust for the number of days during those months for which service was contracted.

(B) Firm Loan Injection Charge

A charge for each Dt of Shipper's Quantity injected into Southwest's facilities pursuant to Section 2.1(C) of this Rate Schedule during a given Month.

(C) Firm Loan Withdrawal Charge

A charge for each Dt of Shipper's Quantity withdrawn from Southwest's facilities pursuant to Section 2.1(A) of this Rate Schedule during a given Month.

3.2 Fuel Reimbursement

Shipper shall reimburse Southwest in kind for fuel usage pursuant to the terms and conditions of the Loan Service Agreement and as stated in the Shipper's Loan Service Agreement.

3.3 Annual Charge Adjustment Provision (ACA)

Shipper shall pay the ACA unit charge which has been assessed by the Federal Energy Regulatory Commission pursuant to Sections 382.202 and 154.402 of the Regulations. The ACA unit charge, as revised annually and posted on the Commission's website located at <http://www.ferc.gov>, is incorporated by reference in Southwest's Tariff. The annual charges unit charge (ACA unit charge) is stated on the Commission's website under "Industries & Data, Natural Gas, Overview, General Information, Annual Charges, FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge." The ACA unit charge is restated to be effective each October 1 on the first day of the Commission's fiscal year. The ACA unit charge shall be applicable to the Quantity injected into Southwest's facilities by Shipper, as provided for in Section 2.1(C), during any Month.

4. MONTHLY BILL

The monthly bill for loan service shall be the sum of the applicable Loan Charges as defined in Section 3 of this Rate Schedule at rates and terms set forth in Shipper's Loan Service Agreement.

5. TERM

The term for service under this Rate Schedule shall be set forth in Shipper's Parking Service Agreement.

6. RESERVATIONS

Southwest reserves the unilateral right from time to time to make any changes to, or to supersede, the terms in this Rate Schedule FLS and the other provisions of Southwest's FERC Gas Tariff, and the applicability thereof, subject to the provisions of the Natural Gas Act, the Natural Gas Policy Act and the Commission's Regulations thereunder.

7. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of Southwest's FERC Gas Tariff are applicable to this Rate Schedule and are hereby made a part hereof.

RATE SCHEDULE ISS
INTERRUPTIBLE STORAGE SERVICE

1. AVAILABILITY

This Rate Schedule ISS is available to any person (Shipper) for the purchase of natural gas storage service on an interruptible basis from Southwest Gas Storage Company (Southwest) upon execution of a Storage Service Agreement in the form provided for in this Tariff.

Shipper shall arrange separately for any transportation attendant to the storage service provided hereunder and Shipper shall pay separately for such transportation services.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 The interruptible service rendered hereunder is the storage of natural gas up to a Maximum Annual Quantity (MAQ) as set forth in the Storage Service Agreement, with a Maximum Daily Withdrawal Quantity (MWQ) and a Maximum Daily Injection Quantity (MIQ) as provided herein, subject to the availability of capacity, the General Terms and Conditions and the further provisions of the Storage Service Agreement. Southwest is not obligated to provide any storage service for which capacity is not available, which would constrain the operational efficiency of its facilities, or which would require the construction, purchase or acquisition of new facilities or the modification or expansion of existing facilities.

2.2 Injections into Storage

(A) Shipper's MIQ shall be:

(1) West Area Storage Facilities

- (a) 1/180th of the MAQ until ninety percent (90%) of the MAQ has been injected;
- (b) Thereafter sixty percent (60%) of the volume specified in 2.2(A)(1)(a) above until ninety-five percent (95%) of the MAQ has been injected;
- (c) Thereafter thirty-five percent (35%) of the volume specified in 2.2(A)(1)(a) above.

(2) East Area Storage Facilities

- (a) 1/180th of the MAQ until seventy-five percent (75%) of the MAQ has been injected;

- (b) Thereafter sixty percent (60%) of the volume specified in 2.2(A)(2)(a) above until ninety percent (90%) of the MAQ has been injected;
- (c) Thereafter forty percent (40%) of the volume specified in 2.2(A)(2)(a) above.

(B) Authorized Injection Overrun Quantities

Upon request of Shipper, Southwest may, but is not obligated to, inject on any Day Quantities in excess of Shipper's MIQ when, in Southwest's sole judgment, the capacity of its system will permit such injection without impairing the ability of Southwest to meet its other obligations.

(C) Injection During the Withdrawal Season

Upon request of Shipper, Southwest may, but is not obligated to, inject on any Day during the Withdrawal Season Quantities up to Shipper's MIQ and any Authorized Injection Overrun Quantities when, in Southwest's sole judgment, the capacity of its system will permit such injection without impairing the ability of Southwest to meet its other obligations.

2.3 Withdrawals from Storage

(A) Shipper's MWQ shall be:

(1) West Area Storage Facilities

- (a) 1/100th of the MAQ until fifty percent (50%) of the MAQ has been withdrawn;
- (b) Thereafter sixty percent (60%) of the volume specified in 2.3(A)(1)(a) above until seventy-five percent (75%) of the MAQ has been withdrawn;
- (c) Thereafter thirty-three percent (33%) of the volume specified in 2.3(A)(1)(a) above.

(2) East Area Storage Facilities

- (a) 1/67th of the MAQ until sixty percent (60%) of the MAQ has been withdrawn;

- (b) Thereafter fifty percent (50%) of the volume specified in 2.3(A)(2)(a) above until eighty-five percent (85%) of the MAQ has been withdrawn;
- (c) Thereafter twenty-five percent (25%) of the volume specified in 2.3(A)(2)(a) above.

(B) Authorized Withdrawal Overrun Quantities

Upon request of Shipper, Southwest may, but is not obligated to, withdraw on any Day Quantities in excess of Shipper's MWQ when, in Southwest's sole judgment, the capacity of its system will permit such withdrawal without impairing the ability of Southwest to meet its other obligations. Shipper shall pay Southwest the applicable Authorized Overrun Charge for such Quantities as set forth in the Shipper's Storage Service Agreement.

(C) Withdrawal During Injection Season

Upon request of Shipper, Southwest may, but is not obligated to withdraw on any Day during the Injection Season Quantities of Gas up to Shipper's MWQ and any Authorized Withdrawal Overrun Quantities when, in Southwest's sole judgment, the capacity of its system will permit such withdrawal without impairing the ability of Southwest to meet its other obligations.

3. RATE

The rates and charges for interruptible service under this Rate Schedule ISS shall include the applicable storage rate components per Dt as described in Sections 3.1, 3.2 and 3.3.

3.1 Storage Charges

For storage service rendered to Shipper under this Rate Schedule ISS, Shipper shall pay Southwest each Month the Inventory Charge. The monthly charge per Dt is determined by multiplying the Average Storage Balance for the billing month by the Inventory Charge rate as set forth in the Shipper's Storage Service Agreement.

3.2 Authorized Overrun Charge

The Authorized Overrun Charge shall be equal to the applicable Authorized Overrun Charge rate, as set forth in Shipper's Storage Service Agreement, multiplied by the Quantity of Gas withdrawn from Southwest's facilities pursuant to Section 2.3(B).

3.3 Fuel Reimbursement

Shipper shall reimburse Southwest in kind for fuel usage pursuant to the terms and conditions of the Storage Service Agreement and as stated in Shipper's Storage Service Agreement.

3.4 Annual Charge Adjustment Provision (ACA)

Shipper shall pay the ACA unit charge which has been assessed by the Federal Energy Regulatory Commission pursuant to Sections 382.202 and 154.402 of the Regulations. The ACA unit charge, as revised annually and posted on the Commission's website located at <http://www.ferc.gov>, is incorporated by reference in Southwest's Tariff. The annual charges unit charge (ACA unit charge) is stated on the Commission's website under "Industries & Data, Natural Gas, Overview, General Information, Annual Charges, FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge." The ACA unit charge is restated to be effective each October 1 on the first day of the Commission's fiscal year. The ACA unit charge shall be applicable to the Quantity injected into Southwest's facilities by Shipper, as provided for in Section 2.2, during any Month.

4. MONTHLY BILL

The monthly bill for storage service shall be the sum of the applicable storage charges as defined in Section 3.1, the ACA Unit Charge, and an Authorized Overrun Charge, if applicable.

5. RESERVATIONS

Southwest reserves the unilateral right from time to time to make any changes to or to supersede, the terms in this Rate Schedule ISS and the other provisions of Southwest's FERC Gas Tariff, and the applicability thereof, subject to the provisions of the Natural Gas Act, the Natural Gas Policy Act and the Commission's Regulations thereunder.

6. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of Southwest's FERC Gas Tariff are applicable to this Rate Schedule and are hereby made a part hereof.

RATE SCHEDULE IGB
INTERRUPTIBLE GAS BALANCING

1. AVAILABILITY

This Rate Schedule IGB is available to any person (Shipper) for the purchase of natural gas balancing service on an interruptible basis from Southwest Gas Storage Company (Southwest) upon execution of a Balancing Service Agreement in the form provided for in this Tariff.

Shipper shall arrange separately for any upstream and/or downstream transportation attendant to the interruptible gas balancing service provided hereunder, and Shipper shall pay separately for such transportation services.

Southwest is not obligated to provide any storage service for which capacity is not available, which would constrain the operational efficiency of its facilities, or which would require the construction, purchase or acquisition of new facilities or the modification or expansion of existing facilities.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule shall apply to all interruptible gas balancing service rendered by Southwest to Shipper through use of Southwest's West Area Storage Facilities and East Area Storage Facilities pursuant to an executed Balancing Service Agreement. Interruptible gas balancing service rendered by Southwest to Shipper under this Rate Schedule shall consist of:

- (A) The injection on any Day into storage of Shipper's gas (less Fuel Reimbursement) or Shipper's loan payback gas to Southwest at Point(s) of Receipt, upon nomination and confirmation, up to the Shipper's Maximum Daily Injection Quantity (MIQ), as stated in Shipper's executed Balancing Service Agreement, provided that all higher priority service nominations for injection have been satisfied, and that Shipper has sufficient capacity available under its interruptible balancing Maximum Park Quantity (MPQ), as stated in Shipper's executed Balancing Service Agreement, to accommodate the nominated injection quantity;
- (B) The storage of gas in amounts up to Shipper's interruptible balancing MPQ, provided that all higher priority service and system needs have been met; and
- (C) The withdrawal from storage on any Day and delivery of Southwest's gas as loan gas or Shipper's gas to the Point(s) of Delivery, upon nomination and confirmation, up to the Shipper's Maximum Daily Withdrawal Quantity (MWQ) as stated in Shipper's executed Balancing Service Agreement, provided that all higher priority service nominations for withdrawal and system needs have been

met, and that Shipper has a Quantity of Gas stored in its Balancing Account or available under its interruptible balancing Maximum Loan Quantity (MLQ) that is not less than the quantity Shipper shall have nominated for withdrawal on such Day.

2.2 To the extent interruptible storage capacity or gas which is being utilized by an interruptible Shipper hereunder is needed by Southwest in order to satisfy Southwest's higher priority obligations or to meet system needs, Southwest may, at Southwest's reasonable judgement and upon giving notice to Shipper, interrupt the continuation of any or all services hereunder and Southwest shall require Shipper to withdraw or repay all, or any portion of, the interruptible gas balancing quantities held or loaned by Southwest for the account of Shipper, as specified by Southwest. Southwest's notice will specify the quantity required to be returned or withdrawn and the date by which the injection or withdrawal must be completed. Unless Southwest otherwise agrees, Shipper shall be required to make ratable injections or withdrawals.

2.3 If Shipper fails to withdraw such interruptible gas balancing quantities from storage, at the agreed upon time as stated in the Shipper's Balancing Service Agreement, or fails to withdraw in accordance with Southwest's notice as set forth in Section 2.2 above, Southwest may take, free and clear of any adverse claims, title to such interruptible gas balancing quantities as Shipper was instructed to withdraw, unless otherwise agreed to by Southwest and Shipper, in a not unduly discriminatory manner.

2.4 If Shipper fails to inject Quantities of Gas to replace gas advanced by Southwest to Shipper, at the agreed upon time as stated in the Shipper's Balancing Service Agreement, or fails to inject in accordance with Southwest's notice as set forth in Section 2.2 above, Southwest may purchase replacement gas and Shipper shall pay Southwest the cost of the replacement gas, which shall include the cost of the replacement gas and any costs or penalties incurred by Southwest or its Shippers as a result of Shipper's failure to deliver replacement gas, including but not limited to, third-party marketing fees, transportation by third-party pipeline companies, and all other costs for securing replacement gas, unless otherwise agreed to by Southwest and Shipper, in a not unduly discriminatory manner.

3. RATE

The rates and charges for interruptible gas balancing service under this Rate Schedule IGB shall include the applicable balancing rate components as described in Sections 3.1, 3.2 and 3.3.

3.1 Balancing Charges

For balancing service rendered to Shipper under this Rate Schedule IGB, Shipper shall pay Southwest each Month the sum of the following charges as set forth in the Shipper's Balancing Service Agreement:

(A) Interruptible Balancing Charge

A charge for each Dt of gas in Shipper's Balancing Account at the end of each Day, for each Day during a given Month, as set forth in Shipper's Balancing Service Agreement.

(B) Interruptible Balancing Injection Charge

A usage charge for each Dt of Shipper's gas tendered for injection pursuant to Section 2.1(A) of this Rate Schedule during a given Month, as set forth in Shipper's Balancing Service Agreement.

(C) Interruptible Balancing Withdrawal Charge

A usage charge for each Dt of Shipper's gas withdrawn pursuant to Section 2.1(C) of this Rate Schedule during a given Month, as set forth in Shipper's Balancing Service Agreement.

3.2 Fuel Reimbursement

Shipper shall reimburse Southwest in kind for fuel usage pursuant to the terms and conditions of the Balancing Service Agreement and as stated in Shipper's Balancing Service Agreement.

3.3 Annual Charge Adjustment Provision (ACA)

Shipper shall pay the ACA unit charge which has been assessed by the Federal Energy Regulatory Commission pursuant to Sections 382.202 and 154.402 of the Regulations. The ACA unit charge, as revised annually and posted on the Commission's website located at <http://www.ferc.gov>, is incorporated by reference in Southwest's Tariff. The annual charges unit charge (ACA unit charge) is stated on the Commission's website under "Industries & Data, Natural Gas, Overview, General Information, Annual Charges, FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge." The ACA unit charge is restated to be effective each October 1 on the first day of the Commission's fiscal year. The ACA unit charge shall be applicable to the Quantity injected into Southwest's facilities by Shipper, as provided for in Section 2.1(A), during any Month.

4. MONTHLY BILL

The monthly bill for balancing service shall be the sum of the applicable Balancing Charges as defined in Section 3 of this Rate Schedule at rates and terms set forth in Shipper's Balancing Service Agreement.

5. TERM

The term for service under this Rate Schedule shall be set forth in Shipper's Balancing Service Agreement.

6. RESERVATIONS

Southwest reserves the unilateral right from time to time to make any changes to, or to supersede, the terms in this Rate Schedule IGB and the other provisions of Southwest's FERC Gas Tariff, and the applicability thereof, subject to the provisions of the Natural Gas Act, the Natural Gas Policy Act and the Commission's Regulations thereunder.

7. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of Southwest's FERC Gas Tariff are applicable to this Rate Schedule and are hereby made a part hereof.

GENERAL TERMS AND CONDITIONS

The following General Terms and Conditions are applicable to all services provided herein:

1. DEFINITIONS

"Average Storage Balance" shall mean the sum of the daily Quantity of Gas, expressed in dekatherms, held by Southwest in storage for Shipper's account divided by the number of Days in a particular Month.

"Balancing Account" shall mean the Quantity of Gas, expressed in dekatherms, held by Southwest for Shipper or owed by Shipper to Southwest, provided that the Balancing Account shall never exceed Shipper's Maximum Park Quantity or Shipper's Maximum Loan Quantity, as specified in Shippers Balancing Service Agreement.

"Balancing Service Agreement" shall mean the executed agreement, in the form prescribed in this tariff, applicable to the particular Rate Schedule IGB, under which service is being provided.

"Business Day" shall mean Monday through Friday from 8:00 a.m. to 5:00 p.m. Central Clock Time, excluding Federal Banking Holidays.

"Central Time" or "Central Clock Time" shall mean the time in the Central Time Zone, as adjusted for Daylight Savings Time and Standard Time.

"Commission" or "FERC" shall mean the Federal Energy Regulatory Commission or any successor regulatory agency.

"Day" shall mean a period of twenty-four (24) consecutive hours beginning and ending at 9:00 a.m. Central Clock Time. The reference date for any Day shall be the date of the beginning of such Day.

"Dekatherm (Dt)" shall mean one thousand cubic feet of gas (Mcf) with a heat content of 1,000 Btu per cubic foot on a measurement basis specified under Section 9.2 herein and based on the same pressure base as the volumes.

"East Area" shall mean the area where service is provided by the East Area Storage Facilities.

"East Area Storage Facilities" shall mean those storage facilities owned by Southwest and known as the Howell Storage Field located in Livingston County, Michigan and the Waverly Storage Field located in Morgan and Sangamon Counties, Illinois in addition to acquired off-system capacity.

"Electronic Gas Measurement (EGM)" shall mean that form of measurement equipment used by Southwest which may consist of a computerized remote terminal unit, transducers and other

associated power, radio and sensing and other electronic devices to accomplish gas measurement and the transfer of data, without the use of charts.

"Fuel Reimbursement" shall mean the reimbursement in kind to Southwest by Shipper for fuel usage and lost or unaccounted for gas.

"Injection Season" shall mean the months of April, May, June, July, August, September and October.

"Loan Balance" shall mean the Quantity of Gas, expressed in dekatherms, that Southwest has loaned to Shipper, provided that the Loan Balance shall never exceed Shipper's Maximum Loan Quantity specified in Shipper's Loan Service Agreement.

"Loan Service Agreement" shall mean the executed agreement, in the form prescribed in this tariff, applicable to the particular Rate Schedule FLS, under which service is being provided, including a Capacity Release Service Agreement.

"Long-Term Agreement" shall mean a Storage Service Agreement, No-Notice Storage Service Agreement, Parking Service Agreement, Loan Service Agreement or Balancing Service Agreement with a primary term of one year or more.

"Market Based Rate" shall mean a rate that is negotiated based on market conditions and has no stated minimum or maximum value for storage, parking, loan or balancing service.

"Maximum Annual Quantity (MAQ)" shall mean the maximum Quantity of Gas which Southwest is obligated to hold for the account of Shipper as stated in Shipper's Storage Service Agreement.

"Maximum Daily Injection Quantity (MIQ)" shall mean the maximum Quantity which Southwest is obligated to inject for Shipper on any Day during the Injection Season as stated in Shipper's Storage, Parking, Loan or Balancing Service Agreement. ~~as described in Section 2.2 of the applicable Rate Schedule.~~

"Maximum Daily Withdrawal Quantity (MWQ)" shall mean the maximum Quantity which Southwest is obligated to withdraw for Shipper on any Day during the Withdrawal Season as stated in Shipper's Storage, Parking, Loan or Balancing Service Agreement ~~as described in Section 2.3 of the applicable Rate Schedule.~~

"Maximum Loan Quantity (MLQ)" shall mean the maximum Quantity of Gas that Southwest is obligated to loan to Shipper as stated in Shipper's Loan or Balancing Service Agreement.

"Maximum Park Quantity (MPQ)" shall mean the maximum Quantity of Gas which Shipper is allowed to park as stated in Shipper's Parking or Balancing Service Agreement.

~~**"Maximum Annual Quantity (MAQ)"** shall mean the maximum Quantity of Gas which Southwest is obligated to hold for the account of Shipper.~~

"Messenger® system" shall mean the electronic communication system offered by Southwest on a nondiscriminatory basis to any person that has compatible equipment for electronic transmission of data; provided that such person has executed a Messenger® Agreement, has been assigned a USERID and password and agrees to comply with the procedures for access to and use of the Messenger® system.

"Month" shall mean the period beginning at 9:00 a.m. Central Clock Time on the first Day of the calendar month and continuing through the last Day of the calendar month.

"NGA" shall mean the Natural Gas Act of 1938, as amended.

"No-Notice Maximum Daily Quantity (No-Notice MDQ)" shall mean the Quantity of Gas, expressed in dekatherms, by which Shipper may deviate from its nominations pursuant to its Firm Storage Service Agreement, as stated in Shipper's No-Notice Storage Service Agreement.

"No-Notice Storage Service Agreement" shall mean the executed agreement, in the form prescribed in this tariff, applicable to the particular Rate Schedule NNS, under which service is being provided.

"Park Balance" shall mean Quantity of Gas, expressed in dekatherms, that Shipper has in Southwest's storage facilities for Shipper's account, provided that the Park Balance shall never exceed Shipper's Maximum Park Quantity specified in Shipper's Parking Service Agreement.

"Parking Service Agreement" shall mean the executed agreement, in the form prescribed in this tariff, applicable to the particular Rate Schedule FPS, under which service is being provided, including a Capacity Release Service Agreement.

"Point of Delivery" shall mean the interconnect of Panhandle Eastern Pipe Line Company, LP's (Panhandle) transmission facilities and Southwest's East Area Storage Facilities or West Area Storage Facilities whereby Southwest delivers gas withdrawn to or for the account of Shipper.

"Point of Receipt" shall mean the interconnect of Panhandle's transmission facilities and Southwest's East Area Storage Facilities or West Area Storage Facilities whereby Southwest receives gas for injection from or for the account of Shipper.

"Pre-arranged Replacement Shipper (PRS)" shall mean the entity designated by Releasing Shipper prior to the released capacity being posted on the Messenger® system. The PRS must be on the approved bidders list in accordance with Section 6.4(A) of the General Terms and Conditions and will become a Replacement Shipper upon selection of its bid as the best bid.

"Quantity of Gas" or "Quantities" shall mean the number of units of gas expressed in Dekatherms (Dt).

"Releasing Shipper" shall mean a firm Shipper that releases capacity pursuant to Section 6 herein.

"Replacement Shipper" shall mean any entity that obtains capacity from a Releasing Shipper pursuant to Section 6 herein.

"Shipper" shall mean the entity that has executed a storage, no-notice storage, parking, loan or balancing service agreement with Southwest for storage, parking, loan or balancing service or for any capacity release.

"Southwest" shall mean Southwest Gas Storage Company.

"Storage Balance" shall mean the Quantity of Gas, expressed in dekatherms, held by Southwest in storage for Shipper's account, provided that the Storage Balance shall never exceed Shipper's Maximum Annual Quantity as stated in Shipper's Firm Storage Service Agreement.

"Storage Service Agreement" shall mean the executed agreement, in the form prescribed in this tariff, applicable to the particular Rate Schedules, FSS or ISS, under which service is being provided, including a Capacity Release Service Agreement.

"Web Site" shall mean Southwest's HTML page accessible via the Internet's World Wide Web located at <http://swgsmessenger.energytransfer.com>.

"West Area" shall mean the area where service is provided by the West Area Storage Facilities.

"West Area Storage Facilities" shall mean those storage facilities owned by Southwest and known as the Borchers Storage Field located in Meade County, Kansas and the North Hopeton Storage Field located in Woods County, Oklahoma in addition to acquired off-system capacity.

"Withdrawal Season" shall mean the months of November, December, January, February and March.

GENERAL TERMS AND CONDITIONS

3. NOMINATION AND SCHEDULING OF SERVICES

3.1 Nomination Procedures

- (A) Shipper shall furnish or cause to be furnished to Southwest written nominations showing the daily Quantity of Gas to be injected or withdrawn by Southwest. The quantity of gas nominated at each Point of Receipt shall not exceed the MIQ, plus applicable Fuel Reimbursement, and the Quantity of Gas nominated at each Point of Delivery shall not exceed the MWQ, plus Fuel Reimbursement. Such nomination shall reflect Shipper's contract number, the Quantity of Gas to be injected or withdrawn, including Fuel Reimbursement, for each Point of Receipt and each Point of Delivery.
- (B) At the time a nomination is made for injection or withdrawal of gas, Shipper shall identify to Southwest the related transportation agreement(s) associated with deliveries to, or withdrawal from Southwest's storage fields.
- (C) Next Day Service

Shipper shall have the right to submit in writing a new nomination for any Day by submitting notice by 11:30 a.m. Central Time the preceding Day or such later time acceptable to Southwest. Such new or revised nomination shall conform to the requirements of Section 3.1 herein. Overrun Quantities may be requested either in Shipper's regular nomination or in a separate nomination.

Southwest shall support the following standard nomination cycle (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17):

The Timely Nomination Cycle
On the Day prior to gas flow:

- 1:00 p.m. Nominations leave control of the Shipper;
- 1:15 p.m. Nominations are received by Southwest (including from Title Transfer Tracking Service Providers (TTTSPs));
- 1:30 p.m. Southwest sends the quick response to the Shipper;
- 4:30 p.m. Southwest receives completed confirmations from confirming parties;
- 5:00 p.m. Shipper and point operator receive scheduled quantities from Southwest.

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day.

The Evening Nomination Cycle

On the day prior to gas flow:

- 6:00 p.m. Nominations leave control of the Shipper;
- 6:15 p.m. Nominations are received by Southwest (including from TTTSPs);
- 6:30 p.m. Southwest sends the quick response to the Shipper;
- 8:30 p.m. Southwest receives completed confirmations from confirming parties;
- 9:00 p.m. Southwest provides scheduled quantities to the affected Shippers and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Evening Nominations should be effective at the start of the next Gas Day.

In addition, at the end of each Day Southwest shall make available to Shippers information containing scheduled Quantities, including scheduled intraday nominations and any other scheduling changes.

Shipper shall specify a begin date and an end date for each nomination. Such begin date and end date shall be within the term of Shipper's Storage Service Agreement, Parking Service Agreement, Loan Service Agreement or Balancing Service Agreement. All nominations should be considered original nominations and should be replaced to be changed. When a nomination for a date range is received, each Day within that range is considered an original nomination. When a subsequent nomination is received for one or more Days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the Days specified. The Days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only. Should Shipper fail to provide this nomination on or before the nomination deadline, Southwest may deem Shipper's nomination to be zero.

Southwest shall have the right to refuse to inject or withdraw any gas not timely and properly nominated and confirmed. Shipper shall indemnify and hold Southwest harmless from and Southwest shall not be liable to Shipper or any other person as a direct or indirect consequence of such refusal.

(D) Intraday Nominations

Any nomination submitted after the deadline set forth in Section 3.1(B) above shall be an intra-day nomination. An intraday nomination shall be effective for one Day

only. An intraday nomination shall specify an effective date, time and the daily Quantity. The interconnected parties shall agree on the hourly flows for such Day.

Southwest shall support the following standard nomination cycles (all times are CT pursuant to NAESB WGQ Standard No. 0.3.17):

The Intraday 1 Nomination Cycle
On the current Gas Day:

- 10:00 a.m. Nominations leave control of the Shipper;
- 10:15 a.m. Nominations are received by Southwest (including from TTTSPs);
- 10:30 a.m. Southwest sends the quick response to the Shipper;
- 12:30 p.m. Southwest receives completed confirmations from confirming parties;
- 1:00 p.m. Southwest provides scheduled quantities to the affected Shipper and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day.

The Intraday 2 Nomination Cycle
On the current Gas Day:

- 2:30 p.m. Nominations leave control of the Shipper;
- 2:45 p.m. Nominations are received by Southwest (including from TTTSPs);
- 3:00 p.m. Southwest sends the quick response to the Shipper;
- 5:00 p.m. Southwest receives completed confirmations from confirming parties;
- 5:30 p.m. Southwest provides scheduled quantities to the affected Shipper and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 2 Nominations should be effective at
6:00 p.m. on the current Gas Day.

The Intraday 3 Nomination Cycle
On the current Gas Day:

- 7:00 p.m. Nominations leave control of the Shipper;
- 7:15 p.m. Nominations are received by Southwest (including from TTTSPs);
- 7:30 p.m. Southwest sends the quick response to the Shipper;

- 9:30 p.m. Southwest receives completed confirmations from confirming parties;
- 10:00 p.m. Southwest provides scheduled quantities to the affected Shipper and point operator.

Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle.

Any Shipper shall have the right for any Day to submit in writing intraday nominations for any storage, parking, loan or balancing service, subject to operator confirmation and verification and Southwest's operating conditions. Such intraday nomination shall conform to the requirements of Section 3.1(A) herein.

For purposes of NAESB WGQ Standard No. 1.3.2 (ii), (iii), (iv), and (v), the word "provides" shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

- (E) Shipper may change the person designated to provide the nomination information as set forth in the storage, parking, loan or balancing service agreement. If Shipper designates another person to provide this information, Southwest shall be entitled to rely on the nominations previously provided by Shipper unless and until Southwest receives written notice to the contrary.
- (F) Nominations shall also specify such information necessary to permit Southwest to accept Commission approved or permitted standard data elements to perform service.
- (G) Southwest shall have the unqualified right to commingle gas stored hereunder with gas from other sources, and to treat and handle all such gas as its own. It is recognized that gas redelivered will not be the same molecules as those received at the Point of Receipt.

3.2 Scheduling Procedure for Storage, Parking, Loan or Balancing Service

The Quantities nominated for storage, parking, loan or balancing by Shipper shall be scheduled by Southwest for injection, withdrawal and storage in the following order:

- (A) Firm storage, parking and loan services;
- (B) Interruptible storage and balancing services charged the highest Market Based Rate;

- (C) Interruptible storage and balancing services charged a rate less than the highest Market Based Rate in sequence starting with the rate most proximate to the highest Market Based Rate.

Within each of these categories, storage shall be scheduled, to the extent practicable, to maintain the existing volumes of service to each Shipper. For multiple nominations of interruptible storage and balancing services at the same rate as the highest Market Based Rate or at the same rate most proximate to the highest Market Based Rate, Quantities of Gas will be scheduled pro rata. ~~Next, within each of these categories, storage shall be scheduled in sequence, starting with the earliest date of request for such service, and shall be scheduled pro rata for Quantities of interruptible service having the same date of request, where there is insufficient capacity to serve all nominations.~~

Authorized Overrun Withdrawal and Injection Quantities under Rate Schedule FSS shall be scheduled as interruptible.

GENERAL TERMS AND CONDITIONS

4. CURTAILMENT AND INTERRUPTION

Southwest shall have the right to curtail, interrupt or discontinue service in whole or in part on its system at any time under the following conditions and in the following manner:

4.1 Operating or remedial curtailment or interruption may be ordered by Southwest at any time if in Southwest's judgment capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes, the conduct of which will be affected thereby, upon such notice as is reasonable under the circumstances and in the following order, to the extent practicable:

(A) Interruptible storage and balancing services shall be curtailed first in sequence starting with the rate least proximate to the highest Market Based Rate, and then with service which was initially provided most proximate to the date notice is given by Southwest of the particular curtailment or interruption.

(B) Firm storage, parking and loan services shall be curtailed last on a pro-rata basis. Such proration shall be based on Southwest's maximum firm contractual obligations to provide firm service.

4.2 Force Majeure curtailment or interruption may be ordered by Southwest as to service being performed by its system at any time when Force Majeure affects or in Southwest's judgment threatens to affect Southwest's ability to provide service, upon the giving of such notice as is reasonable under the circumstances.

4.3 Curtailment Compliance

(A) Without regard to any other remedy provided by law or by the provisions hereof, Southwest shall be entitled to seek an order from the Commission or any other appropriate tribunal requiring compliance with curtailment or interruption ordered by Southwest in compliance with this Section 4 or any directive from any governmental authority having jurisdiction in the premises. Each Shipper and point operator shall designate one or more persons for Southwest to contact on operational matters on a 24-hour a day, 365 days a year basis. Telephone and facsimile numbers as well as e-mail address must be provided for such person or persons. If Southwest is unable to contact any Shipper or point operator because that Shipper's or point operator's contact person(s) is unavailable, such Shipper or point operator shall be responsible for any consequences arising from such failure of communications.

(B) Southwest may at any time notify Shipper of an interruption pursuant to this Section 4, in which event Shipper must immediately cease deliveries to or receipt of

gas from Southwest, in whole or in part as directed by Southwest, and may be required by Southwest to withdraw all or any part of the gas being held by Southwest for Shipper's account. If Shipper is required by Southwest to withdraw gas being held by Southwest for Shipper's account, Shipper shall be required to accept such gas over a period to be determined by Southwest and Shipper, but not to exceed five (5) Months.

4.4 Situation Reports and Notices

- (A) Southwest shall provide Shipper with notice of curtailment or interruption at a time and in a manner that is reasonable under the existing conditions, and shall in any event confirm in writing the notice given if originally provided telephonically or electronically.
- (B) Shipper shall have the responsibility to inform its suppliers, transporters and all others involved in the transaction, as to any curtailment or interruption.
- (C) Shipper shall indemnify Southwest against and hold Southwest harmless from any and all damages, claims, suits, actions or proceedings whatsoever threatened or initiated as a result of any curtailment or interruption invoked by Southwest.

GENERAL TERMS AND CONDITIONS

6. CAPACITY RELEASE

6.1 Capacity Eligible for Release

Shippers under Rate Schedule FSS shall be permitted to release their capacity on a temporary or permanent basis, in accordance with this Section 6. Capacity which may be assigned to the Replacement Shipper hereunder shall be limited to the firm capacity reserved by the Releasing Shipper, as defined by the primary Points of Receipt and the primary Points of Delivery contained in the released capacity. Releases may be made on an interruptible (i.e., subject to recall) or firm basis and shall be billed by Southwest based on usage.

6.2 Shipper Release Notice

(A) A Shipper that desires to release any or all of its firm capacity under this Section 6 must notify Southwest electronically on the Messenger® system or through electronic data interchange of its intent to release capacity and the terms of the release (hereinafter referred to as "Shipper Notice"). A Shipper Notice shall be posted on the Messenger® system upon receipt by Southwest or such later time which must comply with the timeline set forth in Section 6.4(B) herein, as requested by Releasing Shipper. This Shipper Notice shall include:

- (1) Releasing Shipper's contract number;
- (2) The specific quantity of capacity to be released;
- (3) If the request for release is on a permanent basis;
- (4) The Points of Receipt and Points of Delivery at which Releasing Shipper will release capacity and the quantity of capacity to be released at each point;
- (5) The period of time or term of the release;
- (6) The conditions of Releasing Shipper's right of recall as well as methods and rights associated with returning the previously recalled capacity to the Replacement Shipper, if applicable;
- (7) Whether contingent bids will be accepted and when the contingency must be removed;
- (8) The identity of a Pre-arranged Replacement Shipper (PRS), if applicable;

- (9) The minimum rate expressed in dollars and cents, a percentage of a rate for a non-index-based release or the index-based formula as detailed in the capacity release offer, term, and quantity of capacity Releasing Shipper shall accept, if any, and whether bids using a volumetric rate for the collection of Capacity and Deliverability Charges will be accepted and whether Releasing Shipper requires a volumetric commitment. Southwest shall support volumetric releases with volumetric commitments by fully accounting for volumetric and reservation components, consistent with the rules and regulations enunciated by the Commission;
 - (10) The duration of the posting which may not be less than the minimum bid period specified in Section 6.4(B) herein;
 - (11) The best bid criterion is the method by which volumetric or contingent bids will be evaluated, and any alternate, objective and nondiscriminatory method for breaking ties. The best bid evaluation method, which is established by Releasing Shipper, must be objectively stated, applicable to all PRS or Replacement Shippers and not unduly discriminatory and shall enable Southwest to rank the bids received by utilizing the weight assigned by Releasing Shipper to each element of the Shipper Notice;
 - (12) If the release is for any period of thirty-one (31) days or less and is exempt from bidding in accordance with Section 6.3(A), the Releasing Shipper may designate in the Shipper Notice the winning bid criterion to be the first acceptable bid received;
 - (13) Restrictions, if any, on the PRS or Replacement Shipper's ability to request changes in Points of Receipt or Points of Delivery;
 - (14) Whether the Shipper Notice may be rejected in part in the event Southwest rejects such Shipper Notice pursuant to Section 6.7; and
 - (15) Whether the Replacement Shipper is (a) an asset manager as defined in Section 284.8(h)(3) of the Commission's Regulations and, if so, include the volumetric level of the asset manager's delivery or purchase obligation and the time period during which that obligation is in effect or (b) a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's Regulations.
- (B) Releasing Shipper shall post the Shipper Notice on the Messenger® system. Releasing Shipper may withdraw its Shipper Notice at any time prior to the close of the bid period specified in the Shipper Notice herein when unanticipated circumstances justify and no minimum bid has been made.

- (C) When a Releasing Shipper presents a PRS that is on the approved bidders list, such PRS shall acknowledge the Shipper Release Notice electronically.
- (D) The terms Releasing Shipper imposes may not conflict with any provision of the Storage Service, Parking Service or Loan Service Agreement, Rate Schedule or General Terms and Conditions. In the event of such conflict, Southwest may withdraw the Shipper Notice from posting.

6.3 Exceptions to Bidding

- (A) The following capacity releases are exempt from the bidding process set forth in Section 6.4 herein:
 - (1) A capacity release for any period of thirty-one (31) days or less. A firm Shipper shall not roll over, extend or in any way continue such capacity release to the same Replacement Shipper until 28 days after the first release period has ended. This 28-day period does not apply to any release to the same Replacement Shipper that is posted for bidding or that qualifies for any of the other exemptions from bidding set forth in Sections 6.3(A)(2) or (3) below.
 - (2) A capacity release to an asset manager as defined in Section 284.8(h)(3) of the Commission's Regulations.
 - (3) A capacity release to a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's Regulations.
- (B) In the event a capacity release is exempt from bidding in accordance with Section 6.3(A) herein, the Releasing Shipper presents a PRS that is on the approved bidders list, and such PRS agrees to all conditions of the release prior to the submission of the Shipper Notice to Southwest, the released capacity will be assigned to the PRS and such Shipper Notice shall be exempt from the bidding process in accordance with Section 6.4 herein. The PRS will be posted as the winning bidder in accordance with Section 6.4(l) herein.
- (C) Timing of Capacity Releases Exempt from Bidding
 - The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:
 - Timely Cycle 12:00 Noon
 - Evening Cycle 5:00 p.m.

- Intraday 1 Cycle 9:00 a.m.
 - Intraday 2 Cycle 1:30 p.m.
 - Intraday 3 Cycle 6:00 p.m.
- The capacity release addendum is issued within one hour of the award posting (with a new capacity release addendum number, when applicable).
 - Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum.

6.4 Bidding Process

- (A) In order to submit a valid bid under this capacity release program, any party, including a PRS, must be on the approved bidders list. To be on the approved bidders list, a party must meet the provisions of Sections 2 and 16 herein and have executed a Capacity Release Service Agreement with Southwest in the form as set forth in this Tariff (Capacity Release Service Agreement). A party shall remain on the approved bidders list until such party notifies Southwest to the contrary, no longer meets the credit qualifications in Section 16 herein, or is suspended from the approved bidders list in the event and for such time as such party fails to pay part or all of the amount of any bill for service in accordance with Section 12 herein.
- (B) The capacity release timeline in Central Clock Time applies to all parties involved in the capacity release process provided that: 1) all information provided by the parties to the transaction is valid and the Replacement Shipper has been determined to be creditworthy before the capacity release bid is tendered; 2) for index-based capacity release transactions, the Releasing Shipper has provided Southwest with sufficient instructions to evaluate the corresponding bid(s) according to the timeline; and 3) there are no special terms or conditions of the release. Further, Southwest may complete the capacity release process if the offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by Southwest).
 - (1) For biddable releases (1 year or less)
 - Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
 - Open season ends at 10:00 a.m. on the same or a subsequent Business Day.
 - Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.

- If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.
- The capacity release addendum is issued within one hour of the award posting (with a new capacity release addendum number, when applicable).
- Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum.

(2) For biddable releases (more than 1 year)

- Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.
- Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
- If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.
- The capacity release addendum is issued within one hour of the award posting (with a new capacity release addendum number, when applicable).
- Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum.

(3) Timeline for Releases with Special Conditions

For index-based capacity release transactions, the Releasing Shipper shall provide the necessary information and instructions to support the chosen methodology. If the Releasing Shipper specifies a bid evaluation methodology other than highest rate, net revenue or present value, or a

permanent release or any other special conditions, the above timelines shall apply; provided, however, one additional Business Day will be added to the evaluation period. Such extended evaluation period shall cause gas flow to be at least one day later than gas could flow under the timeline set forth in Section 6.4(B)(1) or Section 6.4(B)(2).

- (C) All bids must be expressed in dollars and cents, a percentage of a rate for a non-index-based release or the index-based formula as detailed in the capacity release offer, whichever is stated in the Shipper Notice, include the required bid information and must be received and posted electronically through the Messenger® system. Bids shall be posted on the Messenger® system with any contingencies identified and with the bidder's identity deleted.
- (D) A bidder may submit only one bid at a time in response to a Shipper Notice. A bidder may withdraw its bid through the Messenger® system at any time prior to the close of the posting period specified in the Shipper Notice without prejudice to its submitting another bid with an economic value equal to or greater than the economic value of the withdrawn bid.
- (E) Where there is a PRS and a bid which is better than the bid submitted by the PRS, Southwest shall notify the PRS by 2:00 p.m. Central Clock Time on the Day capacity is awarded and the PRS will have until 2:30 p.m. to match the better bid and obtain the right to the released capacity.

Southwest shall issue an Addendum to the PRS unless a better bid, established in accordance with Section 6.2(A)(11) herein, is received within the time period specified in the posting. In the event the PRS does not match the better bid, Southwest shall issue an Addendum to the party who made the best bid.

- (F) All bids not withdrawn by written or electronic notice to Southwest prior to the close of the posting period specified in the Shipper Notice shall be binding. Bids cannot be withdrawn after the bid period ends.
- (G) In the event that a winning bid has a contingency, and Southwest is not notified through the Messenger® system that such contingency has been removed within the time period specified in the Shipper Notice, such contingent bid will be rejected by Southwest.
- (H) The Releasing Shipper may define in the Shipper Notice the criteria for determining the best bid. If the Releasing Shipper does not specify the criteria, Southwest shall use the Net Present Value calculation as set forth in Section 7.3 herein to determine the best bid. If there are multiple bids meeting the minimum conditions, Southwest shall rank the bids and Southwest shall award the bids, best bid first, until all offered capacity is awarded. Southwest will notify, through the Messenger® system by 2:00 p.m. Central Clock Time following the end of the

posting period, or by 3:00 p.m. Central Clock Time if a matching period is applicable, the PRS or Replacement Shipper that capacity has been awarded.

- (I) Southwest shall post the winning bids and Replacement Shippers' identity on the Messenger® system for at least five Business Days.

6.5 Rights and Obligations of Releasing Shipper

- (A) Regardless of the amount of capacity Releasing Shipper releases under this Section 6, Releasing Shipper shall remain liable for the Capacity and Deliverability Charges attributable to the released capacity unless otherwise agreed to in writing and in advance by Southwest. In the event of a permanent release, Southwest may, and will not unreasonably refuse to, waive liability of Releasing Shipper for the Capacity and Deliverability Charges.
- (B) When capacity is awarded to Replacement Shipper, Releasing Shipper must adjust or reconfirm its nominations to reflect the capacity released. Southwest will automatically change Releasing Shipper's nominations to zero for the Service Agreement under which capacity was released unless such nominations are adjusted or reconfirmed by the Releasing Shipper.
- (C) In the event of termination of a Replacement Shipper's Addendum pursuant to Section 6.6(C) herein, the released capacity related to such Addendum will revert to the Releasing Shipper.
- (D) Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity. The recall notification to Southwest shall specify the Quantity in terms of total released capacity entitlements.

6.6 Rights and Obligations of Replacement Shipper

- (A) Any bid submitted will bind Replacement Shipper or PRS to the terms of the bid if Southwest selects such bid as the best bid. If all the information provided by the Releasing Shipper and the bidder/PRS is valid, the Replacement Shipper is creditworthy, and there are no special terms and conditions, Southwest will issue and execute the Addendum to the Capacity Release Service Agreement within one hour of awarding the winning bid. The capacity release addendum number also will be issued within one hour of the award posting.
- (B) Replacement Shipper may submit nominations pursuant to Section 3 herein beginning at the next available nomination cycle for the effective date of the capacity release addendum; however, in no event will Gas flow on Replacement Shipper's Service Agreement prior to the effective date of the release as posted in the Shipper Notice.

- (C) Replacement Shipper is responsible for payment of the applicable Capacity and Deliverability Charges, and any surcharges thereon, in the amount of its winning bid. Replacement Shipper is also responsible for all other billings, e.g., Injection Charge and Withdrawal Charge and applicable surcharges. In the event of payment default, subject to Section 12 herein, Southwest may elect to terminate that Replacement Shipper's Capacity Release Service Agreement which shall terminate all service thereunder utilized by the Replacement Shipper.
- (D) Once Replacement Shipper or PRS is notified of a winning bid, such Replacement Shipper or PRS shall have all the rights and obligations specified under the Releasing Shipper's Rate Schedule, the Releasing Shipper's Service Agreement and the General Terms and Conditions of this Tariff including the right to release firm capacity pursuant to this Section unless the conditions prescribed by the Shipper Notice require otherwise.

6.7 Rights and Obligations of Southwest

Southwest shall determine, in its sole discretion, the best bid based upon the best bid criteria established pursuant to Section 6.2(A)(11) or Section 6.4(H) herein. Southwest shall have the right, but not the obligation, to reject, in whole or in part, the terms of any Shipper Notice or bid which is discriminatory or conflicts with any order or regulation issued by the FERC, or provision of the Service Agreement, Rate Schedule or General Terms and Conditions. Such Shipper Notice shall be rejected in its entirety unless Shipper, pursuant to Section 6.2(A)(14), permits a partial rejection. Southwest shall provide simultaneous notification to Shipper, through the Messenger® system, of the reason(s) for rejecting a release notice with the notice of rejection. Southwest shall not have any liability to any Shipper, Releasing Shipper, Replacement Shipper, bidder or any other party as a result of Southwest's performance of its obligations under its capacity release program, and such Shippers, Releasing Shippers, Replacement Shippers, and bidders shall indemnify Southwest from and against any and all losses, damages, expenses, claims, suits, actions and proceedings whatsoever threatened, incurred or initiated as a result of Southwest's performance hereunder, except to the extent such loss, damage, expense, claim, suit, action or proceeding is the result of Southwest's negligence, bad faith or willful misconduct.

6.8 Term

- (A) Any release under this Section 6 shall be for a minimum term of at least one Day.
- (B) Any release under this Section 6 shall be for a maximum term expiring on the earlier of:
 - (1) The last date this Tariff provision shall be effective;
 - (2) The expiration date of Releasing Shipper's Service Agreement when the release is for the full term of such agreement; or

- (3) The expiration date specified by the Releasing Shipper in the Shipper Notice.

6.9 Billing Adjustments to Releasing Shipper

- (A) Southwest shall credit Releasing Shipper's monthly bill to reflect the Capacity and Deliverability Charges (including surcharges, if any) invoiced to Replacement Shipper. In the event of a release with a volumetric rate, the volumetric rate shall be credited to the Releasing Shipper's monthly bill. Replacement Shipper's payment of the Volume Injection Charge and Volume Withdrawal Charge and applicable usage surcharges, if any, shall be retained by Southwest.
- (B) If Replacement Shipper fails to pay all or any part of the Capacity and Deliverability Charges so credited within thirty (30) days of its due date, then such unpaid amount plus interest will be charged to Releasing Shipper's next monthly bill and will be due and payable by Releasing Shipper in accordance with Section 12 herein.
- (C) The Releasing Shipper and Southwest may agree that, in return for Southwest actively marketing the Releasing Shipper's Service Agreement, Southwest will reduce the Releasing Shipper's invoice credit by a negotiated marketing fee.
- (D) Southwest and Releasing Shipper may agree upon a payment obligation and crediting mechanism that varies from or is in addition to the provisions of this Section 6.9 in order to establish the basis of accounting for revenues from a Replacement Shipper.

6.10 Requests to Purchase Releasable Capacity

Any party may initiate a request to purchase releasable firm capacity by following the instructions posted on Southwest's Informational Postings Web Site located at <http://swgsmessenger.energytransfer.com> under "Notices, Request to Purchase Releasable Capacity." The form shall specify the terms and conditions of the request and the location of the posting on Southwest's Informational Postings Web Site. Such offer to purchase released capacity shall be posted on Southwest's Web Site for 30 Days.

GENERAL TERMS AND CONDITIONS

7. CONTRACTING FOR SERVICE RIGHTS

This Section 7 governs the order in which requests for storage, parking, loan or balancing service shall be accommodated when unsubscribed firm capacity, other than released capacity, becomes available. It does not govern scheduling, which is governed by Section 3 herein. Requests for firm capacity shall be accommodated in the following manner and subject to the following conditions and limitations:

7.1 Request for Available Capacity

_____ In order to be eligible for firm capacity, a party requesting service (potential Shipper) must submit a valid request in accordance with the provisions of Sections 2 and 16 herein.

7.2 Posting

_____ Southwest will post on the Messenger® system and the Web Site available capacity. A potential Shipper that submits a valid request may submit in writing a bid for the available capacity at any time. In the event of multiple bids, Southwest will evaluate the bids and determine the bid having the greatest economic value as determined in Section 7.3.

7.3 Economic Value of Request

_____ Southwest shall tender a Storage Service Agreement, No-Notice Storage Service Agreement, Parking Service Agreement, Loan Service Agreement or Balancing Service Agreement for execution to the potential Shipper submitting the bid having the greatest economic value for the capacity available. The criteria for determining which potential Shipper has submitted the bid with the greatest economic value shall be the Net Present Value (NPV) of the capacity and deliverability charges under Rate Schedule FSS, the no-notice reservation charge under Rate Schedule NNS, the firm parking reservation charge under Rate Schedule FPS, or the firm loan reservation charge under Rate Schedule FLS that potential Shipper would pay at the rates potential Shipper has bid over the term of service specified in the request, utilizing a ten percent (10%) annual discount factor. For purposes of calculating each potential Shipper's NPV, the term will be limited to ten (10) years. If the economic values of separate service requests are equal, then service shall be offered in sequence starting with the request with the earliest date. If separate service requests have equal economic values and the same date of request, service shall be offered to such potential Shippers on a pro rata basis.

7.4 Service Agreement

If potential Shipper fails to execute a Storage Service Agreement, No-Notice Storage Service Agreement, Parking Service Agreement, Loan Service Agreement or Balancing Service Agreement within ~~thirty (30)~~fifteen (15) Days of the date on which it was tendered by Southwest, potential Shipper's request for service may be considered withdrawn.

7.5 Contract Extension

Prior to the expiration of the term of any existing Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement(s), Southwest and the existing Shipper may mutually agree to renegotiate the terms of such Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement(s) in exchange for Shipper's agreement to extend the term of at least a portion of its obligations under a restructured Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement(s) (the exact terms, including the length and rate), of which are to be negotiated on a case-by-case basis in a not unduly discriminatory manner).

7.6 Termination of Interruptible Service Agreements

Southwest may terminate Shipper's Storage Service Agreement under Rate Schedule ISS or Balancing Service Agreement under Rate Schedule IGB upon thirty (30) days prior written notice to Shipper who has not submitted nominations to store Gas under such Storage Service or Balancing Service Agreement within the immediately preceding twelve (12) Months. In addition, Southwest and Shipper may mutually agree to terminate such interruptible agreement at any time.

GENERAL TERMS AND CONDITIONS

11. ELECTRONIC COMMUNICATION SYSTEM

- 11.1 Southwest has established an electronic communication system located on the Web Site for use by any party including Shippers and potential Shippers. The Web Site will permit users to electronically download a file(s) from the Web Site and to split files into smaller files prior to such download. Information on the most recent entries will appear ahead of older information. Southwest will purge completed transactions from the current Web Site files after they have been posted for a minimum of ninety (90) days. Information that has been purged from the Web Site will be archived and may be retrieved from archives and made available in electronic format.

Through the Web Site any party may obtain:

- (A) Information concerning the availability of capacity for firm and interruptible storage, [parking, loan and balancing](#) services.
 - (B) A listing of Point(s) of Receipt and Points of Delivery on Southwest's system.
 - (C) Southwest's currently effective FERC NGA Gas Tariff.
- 11.2 For customer activities. Southwest has established the Messenger® system which will be available on a nondiscriminatory basis to any party (hereinafter the "User") that has compatible equipment for electronic transmission of data, provided that such party executes a Messenger® Agreement in the form that is available on the Web Site, has been assigned a user identification (USERID) and password, and agrees to comply with the procedures for use of the Messenger® system. Southwest shall provide timely and equal access to any and all information available on the Messenger® system. The Messenger® system will provide on-line help, a search function that permits Users to locate all information concerning a specific transaction, and the ability to retrieve various reports.
- 11.3 The Messenger® system may be used to interactively execute Storage Service Agreements, [No-Notice Storage Service Agreements, Parking Service Agreements, Loan Service Agreements or Balancing Service Agreements](#) or amendments to Service Agreements, provide nominations pursuant to the applicable rate schedule and these General Terms and Conditions and release capacity service rights pursuant to Section 15 of the General Terms and Conditions.
- 11.4 Electronic data interchange will be available on a nondiscriminatory basis to any party. A mutually acceptable agreement between Southwest and such party is required for electronic transmission of data.

- 11.5 Any specific notices throughout this Tariff requiring communications to be in writing shall be by written communication sent by physical or electronic means unless agreed to otherwise by the parties. In addition, all contracts can be tendered and executed electronically.
- 11.6 Should Southwest invalidate any password or USERID due to breach of confidentiality or unauthorized use of the Messenger® system, pursuant to the Messenger® Agreement, Southwest shall provide the Messenger® User with notice and reason for the invalidation.

GENERAL TERMS AND CONDITIONS

13. RESPONSIBILITY, WARRANTY AND ASSIGNMENTS

- 13.1 Southwest shall be deemed to be in control and possession of the gas stored hereunder only after the gas is received for injection at the Point of Receipt, and before it is withdrawn and delivered at the Point of Delivery and shall indemnify and hold Shipper harmless from any damage or injury caused thereby, except for damages and injuries caused by the sole negligence of Shipper. Shipper shall be deemed to be in control and possession at all other times and shall indemnify and hold Southwest harmless from any damage or injury caused thereby. Notwithstanding anything to the contrary set forth in this Section 13.1, the risk of loss of any quantity of gas injected into, stored in and/or withdrawn shall remain with Shipper, and Southwest shall not be liable to Shipper for any loss of gas, except as may be the consequence of the intentional or negligent acts or omissions of Southwest. Any losses of gas, unless resulting from the intentional or negligent acts or omissions of Southwest, shall be apportioned among and shared proportionally by all Shippers, based on each Shipper's gas otherwise in Southwest's control and possession.
- 13.2 Except as provided in Section 12.4 herein, both Southwest and Shipper will, as to the gas it delivers or causes to be delivered to the other, indemnify and save the other harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of any adverse claims of any and all persons to said gas and/or to royalties, taxes, fees or charges thereon.
- 13.3 As to all matters within its actual or imputed control, Shipper represents and warrants that service hereunder and all arrangements incident hereto conform to applicable regulations, and agrees to indemnify and hold Southwest harmless against any and all actions, suits or proceedings, concerning such service or arrangements, which are brought before or instituted by any authority having jurisdiction.
- 13.4 Both Southwest and Shipper may assign or pledge the Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement and all rights and obligations thereunder under the provisions of any mortgage, deed of trust, indenture or other instrument which it has executed or may execute hereafter as security for indebtedness; otherwise, neither Southwest nor Shipper shall assign the Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement or any of its rights hereunder unless it shall first have obtained the written consent of the other. Such consent shall not be unreasonably withheld.

GENERAL TERMS AND CONDITIONS

15. FORCE MAJEURE

In the event, to the extent, and for so long as either Southwest or Shipper is unable, by reason of Force Majeure, to carry out its obligations hereunder, in whole or in part, the obligations of either of Southwest or Shipper, other than to make payments due, shall be suspended, in whole or in part. Force Majeure, as employed herein, shall mean any cause, whether of the kind herein enumerated or otherwise, not within the control of either of Southwest or Shipper claiming suspension, and which by the exercise of due diligence, either of Southwest or Shipper has been unable to prevent or overcome, including without limitation, acts of God, the government, or a public enemy; strikes, lockouts, or other industrial disturbances; wars, blockades, or civil disturbances of any kind; epidemics, landslides, hurricanes, earthquakes, crevasses, washouts, tornadoes, storms, fires, explosions, arrests, and restraints of governments or people; freezing of, breakage or accident to, or the necessity for making repairs or alterations to wells, machinery or lines of pipe; partial or entire failure of wells; and the inability of either Southwest or Shipper to acquire, or the delays on the part of either of Southwest or Shipper in acquiring, at reasonable cost and after the exercise of reasonable diligence: (a) any servitudes, rights of way grants, permits, or licenses; (b) any materials or supplies for the construction or maintenance of facilities; or (c) any permits or permissions from any governmental agency; if such are required to enable either of Southwest or Shipper to fulfill its obligations hereunder. Additionally, Southwest or Shipper shall be excused in whole or in part, from its performance, for the inability to obtain transportation from or through third party pipelines, or as a result of supervening or fortuitous events or circumstance, whether or not foreseeable, or within the contemplation of Southwest or Shipper at the time that the Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement was entered into, which makes performance of Southwest's obligations hereunder commercially impracticable. Either Southwest or Shipper claiming Force Majeure shall give to the other(s) notice and full particulars of such Force Majeure by telephone as soon as reasonably possible after the occurrence of the case relied on, and shall remedy such inability to perform with all reasonable dispatch; provided, however, that such requirement or remedy shall not require the settlement of strikes or lockouts by accession to the demands of those opposing either of Southwest or Shipper when such course is inadvisable in the discretion of either of Southwest or Shipper.

GENERAL TERMS AND CONDITIONS

16. CREDITWORTHINESS

16.1 Prior to execution of a Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement or as a condition for continuation of service, a Shipper or prospective shipper shall be required to establish and maintain creditworthiness on an on-going basis with Southwest. Southwest shall apply consistent evaluation practices to all similarly situated shippers to determine the Shipper's financial ability to satisfy the payment obligations due to Southwest over the term of the requested service agreement. Southwest shall not be required to: (1) execute a Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement providing for service on behalf of any Shipper who fails to meet Southwest's standards for creditworthiness; or (2) initiate service for a Shipper who fails to meet Southwest's standards for creditworthiness; or (3) continue service on behalf of any Shipper who is or has become insolvent or who, at Southwest's request, fails to demonstrate creditworthiness pursuant to Southwest's standards in this Section 16.

16.2 A Shipper shall be deemed creditworthy when Shipper meets the creditworthiness criteria in this Section 16.2.

(A) If Shipper is rated by Standard & Poor's or its successor (S&P), and/or by Moody's Investors Service, Inc. or its successor (Moody's), Southwest may establish creditworthiness if:

- (1)
 - (i) In the event Shipper is rated by both S&P and Moody's, Shipper's long-term senior unsecured debt securities are rated at least BBB- by S&P and at least Baa3 by Moody's, provided, however, that if the Shipper's rating is at BBB- and/or Baa3, respectively, the long-term outlook shall be Stable or Positive; or
 - (ii) in the event Shipper is rated only by S&P, Shipper's long-term senior unsecured debt securities are rated at least BBB-, provided, however, that if the Shipper's rating is at BBB-, the long-term outlook shall be Stable or Positive; or
 - (iii) in the event Shipper is rated by only Moody's, Shipper's long-term senior unsecured debt securities are rated at least Baa3, provided, however, that if the Shipper's rating is at Baa3, the long-term outlook shall be Stable or Positive; and
- (2) The net present value of the sum of reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Shipper's tangible net worth.

In the event Shipper is rated by both S&P and Moody's at levels which are not equivalent, the lower rating shall apply. For the purposes of this Section 16.2, the term "tangible net worth" shall mean for a corporation the sum of the capital stock, paid-in capital in excess of par or stated value, and other free and clear equity reserve

accounts less goodwill, patents, unamortized loan costs or restructuring costs, and other intangible assets. Only actual tangible assets are included in Southwest's assessment of creditworthiness. If a Shipper has multiple Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreements with Southwest, then the total contract commitment and imbalance exposure or potential exposure of all such Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreements shall be considered in determining creditworthiness.

- (B) If Shipper cannot demonstrate creditworthiness pursuant to Section 16.2(A) above, Southwest may establish creditworthiness based upon:
- (1) (i) In the event Shipper's parent is rated by both S&P and Moody's, the Shipper's parent having a senior unsecured debt rating of at least BBB- by S&P and Baa3 by Moody's, provided, however, that if the Shipper's parent's rating is at BBB- and/or Baa3, respectively, the long-term outlook shall be Stable or Positive; or (ii) in the event Shipper's parent is rated by only S&P, the Shipper's parent having a senior unsecured debt rating of at least BBB-, provided, however, that if the Shipper's parent's rating is a BBB-, the long-term outlook shall be Stable or Positive; or (iii) in the event Shipper's parent is rated by only Moody's, the Shipper's parent having a senior unsecured debt rating of at least Baa3, provided, however, that if the Shipper's parent's rating is at Baa3, the long-term outlook shall be Stable or Positive; and
 - (2) The net present value of the sum of reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Shipper's parent's tangible net worth; and
 - (3) Shipper's parent issues a guaranty acceptable to Southwest.

In the event Shipper's parent is rated by both S&P and Moody's at levels which are not equivalent, the lower rating shall apply. If a Shipper's parent has multiple Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreements with Southwest or multiple subsidiaries with Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreements with Southwest in addition to Shipper's Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreements, then the total contract commitment and imbalance exposure or potential exposure of all of those Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreements shall be considered in determining creditworthiness.

- (C) In the event Shipper is a cooperative or a municipal Shipper and Shipper cannot demonstrate creditworthiness pursuant to Section 16.2(A) or 16.2(B) above, Southwest may establish creditworthiness based upon:
 - (1) Shipper's issuer and/or revenue bond rating is a rating that has the equivalent rank of those listed in Section 16.2(A)(1) above; or
 - (2) The net present value of the sum of reservation charges, usage charges and any other associated fees and charges for the contract term is less than 15% of Shipper's tangible net worth, or Shipper's preceding calendar year revenues are at least six (6) times Southwest's anticipated charges for the ensuing 12-month period.

16.3 To permit Southwest to conduct an initial or ongoing creditworthiness review, Southwest may request, and a Shipper shall provide within five (5) Business Days any or all of the following:

- (A) (i) Audited financial statements for the most current two (2) fiscal years prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America or, for non-U.S. based Shippers, prepared in accordance with equivalent standards, or (ii) if Shipper's fiscal year-end financial statements are unaudited, an attestation by its Chief Financial Officer that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent or (iii) for non-public entities, any existing sworn filing, which provides the most recent available interim financial statements and annual financial reports filed with any applicable regulatory authority, showing the Shipper's current financial condition;
- (B) List of corporate affiliates, parent companies, and subsidiaries, if applicable;
- (C) Publicly available information from credit reports of credit and bond rating agencies;
- (D) A bank reference and at least three (3) trade references, a check of which show along with any credit reports submitted herein that Shipper's undisputed obligations are being paid in a timely manner;
- (E) Statement of legal composition;
- (F) Statement of the length of time the business has been in operation;
- (G) For state-regulated utility local distribution companies, documentation from their respective state regulatory commission (or an equivalent authority) of an authorized gas supply cost recovery mechanism;
- (H) Confirmation by Shipper that Shipper is not operating under any chapter of the

bankruptcy laws and is not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditor, or any informal creditors' committee agreement;

- (I) Such other information as may be mutually agreed to by Shipper and Southwest; and/or

16.4. If Shipper or Shipper's parent does not meet the criteria described in Section 16.2 above, then credit appraisal shall be based upon Southwest's evaluation of any or all of the following information and credit criteria:

- (A) Any information received pursuant to Section 16.3 above;
- (B) Consistent and nondiscriminatory financial statement analysis to determine the acceptability of Shipper's or Shipper's parent's current and future financial strength. Financial statements shall be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency and profitability;
- (C) S&P, Moody's, Dun & Bradstreet and other credit reporting agency ratings, opinions, watch alerts, and rating actions shall be considered in determining creditworthiness;
- (D) Results of credit reports and of bank and trade reference checks must demonstrate that a Shipper is paying its obligations in a timely manner;
- (E) Shipper must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws and there must not be pending any petition for involuntary bankruptcy; an exception may be made for a Shipper who is a debtor-in-possession operating under Chapter XI of the Federal Bankruptcy Act whereby adequate assurance is provided under purview of by the bankruptcy court having jurisdiction over such debtor-in -possession that the service billings will be paid promptly as a cost of administration under the federal court's jurisdiction, based on a court order in effect, and if the Shipper is continuing and continues in the future actually to make payment;
- (F) Whether Shipper is subject to any lawsuits or judgments outstanding which could materially impact its ability to remain solvent;
- (G) Shipper's ongoing business relationship, if any, with Southwest with consideration being given to whether Shipper has or has had any delinquent balances outstanding for services provided by Southwest, gas imbalances, and gas loans due Southwest and whether Shipper is paying and has paid its account balances promptly according to the terms established in its Storage Service, [No-Notice Storage Service, Parking Service, Loan Service or Balancing Service](#) Agreements (excluding amounts as to which there is a good faith dispute);

- (H) Shipper's ability to recover the costs of Southwest's services through filings with regulatory agencies or otherwise to pass on such costs to its customers, as applicable; and/or
- (I) Any other information, including any information provided by Shipper, that is reasonably relevant to Shipper's current and future financial strength and Shipper's ability to make full payment over the term of the Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement(s).

16.5 If a Shipper fails to establish or maintain creditworthiness or if Shipper's credit limit as determined by Southwest is insufficient to cover Shipper's total contractual obligations, Shipper may still obtain or continue service hereunder if Shipper, except to the extent otherwise agreed, provides credit support in an amount sufficient to cover three months service as determined in accordance with Section 16.5(B)(1) plus the loaned gas as determined in Section 16.5(B)(2) under one of the following options.

- (A) Forms of Credit Support. Shipper may select from the following forms of credit support (Credit Support) and Southwest shall not unreasonably discriminate in the forms of Credit Support it determines to accept from Shippers.
 - (1) Guaranty. A Shipper may provide a guaranty of financial performance in a form satisfactory to Southwest from a corporate parent, corporate affiliate or a third party that meets the creditworthiness standards above.
 - (2) Deposit. A shipper may provide a cash deposit. If Southwest is required to draw down these funds, Southwest will notify Shipper and Shipper must replenish such funds within three (3) Business Days after receipt of such notice.
 - (3) Standby Irrevocable Letter of Credit drawn on a bank which is a U.S. bank or a U.S. branch of a foreign bank with an S&P Debt Rating of at least A or Moody's Debt Rating of at least A2.
 - (4) Security Interest or lien in collateral found to be satisfactory to Southwest.
 - (5) Other security acceptable to Southwest.
- (B) Credit Support Requirements. Credit Support required for non-creditworthy shippers shall be an amount sufficient to cover service for three (3) months and a value for loaned gas as specified below.
 - (1) Three months service. The amount of Credit Support for firm Storage Service, No-Notice Storage Service, Parking Service or Loan Service Agreements must be sufficient to cover the highest three (3) months of reservation charges during the previous twelve (12) month period. The amount of Credit Support

for interruptible services shall be based upon the highest three (3) months of usage during the previous twelve (12) month period for all rates and charges. If the Shipper has not contracted for or utilized interruptible storage or balancing service during the previous twelve (12) month period, Southwest will establish the Credit Support requirement based upon Shipper's estimated usage for a three (3) month period as determined by Shipper and Southwest's marketing representative.

(2) Loaned Gas. In addition to the Credit Support requirements set forth in Section 16.5(B)(1) above, Southwest shall have the right to seek Credit Support to cover the value of any loaned gas owed to Southwest by a non-creditworthy Shipper. The Credit Support requirement for loaned gas associated with Rate Schedule IGB shall equal the maximum loaned quantity specified in Shipper's Balancing Service Agreement valued at the greater of the highest daily price published in Gas Daily, Final Daily Price Survey-Platts Locations; Midcontinent, Panhandle Tx.-Okla. or Louisiana/Southeast, Trunkline, zone 1A.

- 16.6 Southwest shall have the right to update Shipper's credit file at any time after commencement of service. Such update may be conducted by Southwest periodically and Shipper shall provide assistance and cooperation. If Southwest concludes that a Shipper is non-creditworthy or if Shipper fails to maintain Credit Support under Section 16.5 of these General Terms and Conditions, Southwest shall provide Shipper an initial notice in writing that it has lost its creditworthiness status along with the reasons for such determination and that Shipper has five (5) Business Days after receipt of such initial notice, to provide Southwest with Credit Support consistent with Section 16.5 of these General Terms and Conditions which is adequate to cover all charges for one Month's advance service. A Shipper may challenge Southwest's determination by providing a written rebuttal to Southwest's explanation within ten (10) days after the initial notification and explanation is provided by Southwest. Southwest shall respond to such a rebuttal in writing within ten (10) days. Any reevaluation of creditworthiness by Southwest in response to such a rebuttal by the Shipper shall be based on the creditworthiness criteria set out in Section 16.4 and shall be performed as provided in Section 16.4 of these General Terms and Conditions. If Southwest determines after such reevaluation that Shipper is creditworthy, the Credit Support to cover all charges for one Month's advance service shall be released to Shipper within five (5) Business Days after such determination. In the event Southwest concludes after reevaluation that Shipper remains non-creditworthy, Shipper shall comply with the requirement in the initial notice to provide, within thirty (30) days after the initial notice, but not less than five (5) Business Days after notice that Shipper remains non-creditworthy, the means for adequate assurance of future performance, covering the full level of Credit Support provided for under Section 16.5 of these General Terms and Conditions. If the Shipper has not satisfied either requirement in the initial notice to provide specified Credit Support within five (5) Business Days or to provide the additional specified Credit Support within thirty (30) days after the initial notice, but not less

than five (5) Business Days after notice that Shipper remains non-creditworthy, Southwest may without further notice immediately suspend service to Shipper.

- 16.7 Any suspension of service hereunder shall continue until Southwest is reasonably satisfied that Shipper is creditworthy under Section 16.2 or 16.4 of these General Terms and Conditions or until Shipper has provided Credit Support under Section 16.5 of these General Terms and Conditions. A Shipper shall not be obligated to pay any reservation charges for suspended service attributable to the period when that service is suspended. During the period of suspension, such Shipper may not release or recall capacity.
- 16.8 In addition to suspension, Southwest may terminate service if the Shipper fails to provide Credit Support consistent with Section 16.5 of these General Terms and Conditions no earlier than sixty (60) days after Southwest has provided its initial notice to Shipper pursuant to Section 16.7 herein. Any such termination requires thirty (30) days' prior notice to Shipper, Releasing Shipper, if any, and the Commission. To avoid termination, the Shipper must satisfy Section 16.5 of these General Terms and Conditions within this notice period. If the Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement is terminated, Southwest shall net and/or set off, as allowed by law, all positions calculated in accordance with the provisions of the applicable Rate Schedule (i.e., invoiced storage, park or loan amounts) against outstanding account balances due the Shipper. Southwest shall have the right to assert any liens or other interests, consistent with applicable law, against any gas remaining on its System. Southwest may not take any action under this Section 16 which conflicts with any order of the U. S. Bankruptcy Court.
- 16.9 At any time after a Shipper is determined to be non-creditworthy by Southwest, the Shipper may request a creditworthiness reevaluation by Southwest pursuant to NAESB WGQ Standard Nos. 0.3.8 and 0.3.9 as incorporated in Section 19 of these General Terms and Conditions. If Southwest determines after such reevaluation that Shipper is creditworthy without Credit Support, any Credit Support requirements under Section 16.5 of these General Terms and Conditions shall be terminated and any deposit amounts shall be released to Shipper within five (5) Business Days after such determination.
- 16.10 Notwithstanding the above, Southwest may agree with a Shipper in an executed precedent agreement, for service on new or expanded facilities to be constructed by Southwest, to creditworthiness provisions which differ from one or more of the provisions in this Section 16, and which, in addition to the other provisions of this Section 16, govern service provided to the Shipper pursuant to the precedent agreement.

GENERAL TERMS AND CONDITIONS

18. MISCELLANEOUS

- 18.1 The respective obligations of Southwest and Shipper hereunder are subject to valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned, unless waived by the parties hereto, upon the issuance by the Commission or any successor agency of requisite authorization to provide the storage, parking, loan or balancing service hereunder in a form satisfactory to Southwest.
- 18.2 Service hereunder and Shipper's Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement shall be governed by and interpreted in accordance with the laws of the State of Texas, except for the conflict of laws provisions thereof.
- 18.3 Shipper's Storage Service, No-Notice Storage Service, Parking Service, Loan Service or Balancing Service Agreement creates no rights in third parties.
- 18.4 Southwest may waive any rights hereunder or any obligations of Shipper on a basis which is not unduly discriminatory; provided that no waiver shall operate or be construed as a waiver of other or future rights or obligations, whether of a like or different character.
- 18.5 Southwest may, from time to time, enter into agreements with other interstate or intrastate pipeline companies for capacity (off-system capacity). In the event that Southwest acquires off-system capacity, Southwest will provide service to Shippers with the off-system capacity pursuant to Southwest's open access tariff and subject to Southwest's Commission-approved rates, as such tariff and rates may change from time to time. For purposes of transactions entered into subject to this Section 18.5, the "shipper must have title" requirement is waived.

Part VII
Form of Service Agreements

1. Rate Schedule FSS	Form of Service Agreement
2. Rate Schedule NNS	Form of Service Agreement
3. Rate Schedule FPS	Form of Service Agreement
4. Rate Schedule FLS	Form of Service Agreement
5 2. Rate Schedule ISS	Form of Service Agreement
6. Rate Schedule IGB	Form of Service Agreement
7 3. Capacity Release	Form of Service Agreement
4. Reserved	Form of Agreement

RATE SCHEDULE NNS
NO-NOTICE STORAGE SERVICE
FORM OF STORAGE SERVICE AGREEMENT

CONTRACT NO. _____

_____ This Agreement, is made and entered into as of the _____ day of _____, by and between Southwest Gas Storage Company (hereinafter called "Southwest") and _____ (hereinafter called "Shipper"). In consideration of mutual covenants and agreements as herein set forth, both Southwest and Shipper covenant and agree upon the following terms and conditions:

ARTICLE 1 - SERVICE

_____ Southwest agrees to allow Shipper to deviate (plus or minus) by any amount on any Day up to Shipper's No-Notice Maximum Daily Quantity, as set forth in Exhibit A, at any specified point(s), as set forth in Exhibit A, from its nominations under Shipper's Firm Storage Service Agreement at Southwest's East Area Storage Facilities or West Area Storage Facilities, as defined in the General Terms and Conditions. Any such deviations shall be netted against Shipper's FSS Storage Balance, provided that Shipper's FSS Storage Balance shall not be permitted to exceed Shipper's FSS Maximum Annual Quantity or to fall below zero (0).

ARTICLE 2 - TERM

_____ This Agreement shall become effective from the date first stated above. The term for this Agreement shall be set forth on Exhibit A.

ARTICLE 3 - RATES AND CHARGES

_____ For the no-notice storage services provided or contracted for hereunder, Shipper agrees to pay the applicable charge under Southwest's Rate Schedule NNS at the Market Based Rates set forth in Exhibit B hereto. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the terms under Rate Schedule NNS and the applicability thereof, the General Terms and Conditions or any other provisions of Southwest's Tariff, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder.

ARTICLE 4 - GENERAL TERMS AND CONDITIONS

_____ The No-Notice Storage Service Agreement and all terms for service hereunder are subject to the further provisions of Rate Schedule NNS and the General Terms and Conditions of Southwest's Tariff, as such may be modified, supplemented, superseded or replaced generally or as to the service hereunder. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the provisions of Rate Schedule NNS and the General Terms and Conditions, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder. Such Rate Schedule

NNS and the General Terms and Conditions, as may be changed from time to time, are by this reference incorporated in their entirety into this Agreement and made an integral part hereof.

ARTICLE 5 - SUCCESSION AND ASSIGNMENTS

This Agreement shall be binding upon and inure to the benefit of any successor(s) to either Southwest or Shipper by merger, consolidation or acquisition. Either Southwest or Shipper may assign or pledge this Agreement and all rights and obligations hereunder under the provisions of any mortgage, deed of trust, indenture or other instrument which it has executed or may execute hereafter as security for indebtedness.

ARTICLE 6 - CANCELLATION OF PREVIOUS CONTRACTS

This Agreement supersedes and cancels the following No-Notice Storage Service Agreement(s) between the parties hereto:

ARTICLE 7 - NOTICES

Any formal notice, request or demand which either party hereto may desire to give to the other respecting this No-Notice Storage Service Agreement shall be in writing and sent to Southwest's address posted on Southwest's Web Site or to Shipper's address stated below, or such other physical or electronic address as either party shall designate by written or electronic communication.

Shipper:

Billing:

Nomination and Scheduling:

Emergency:

All Other:

Southwest:

Nomination and Scheduling:	<u>Southwest Gas Storage Company</u>
	<u>Attn: Marketing Operations</u>
	<u>P. O. Box 4967</u>
	<u>Houston, Texas 77210-4967</u>
	<u>Phone: (713) 962-9862</u>
	<u>Fax: (713) 286-5402</u>

Pipeline Emergencies:	<u>SOUTHWEST GAS STORAGE COMPANY</u>
(Not to be used for any	<u>Attn: Gas Control</u>
other purpose)	<u>P. O. Box 4967</u>
	<u>Houston, Texas 77210-4967</u>
	<u>Phone: (713) 627-5623</u>
	<u>Toll Free: 1-800-225-3913</u>

All Other:	<u>Southwest Gas Storage Company</u>
	<u>Attn: Customer Services</u>
	<u>P. O. Box 4967</u>
	<u>Houston, Texas 77210-4967</u>
	<u>Phone: (713) 627-4272 or</u>
	<u>1-800-275-7375</u>
	<u>Fax: (713) 989-1178</u>

Contract No. _____

IN WITNESS WHEREOF, both Southwest and Shipper have caused this Agreement to be executed in several counterparts by their respective officers or other persons duly authorized to do so.

SHIPPER: _____

By: _____

(Please type or print name)

Title: _____

EXECUTED _____,

(Date)

SOUTHWEST GAS STORAGE COMPANY

By: _____

(Please type or print name)

Title: _____

EXECUTED _____,

(Date)

Contract No.

Amendment No.

EXHIBIT A
No-Notice Storage Service
Under Rate Schedule NNS
Contract No.

TERM

The Term of this Agreement shall be

CONTRACT QUANTITIES

This Agreement provides service utilizing the (choose one)

East Area Storage Facilities

West Area Storage Facilities

Associated FSS Contract No.

No-Notice Maximum Daily Quantity (No-Notice MDQ): Dt

SHIPPER:

BY:

DATED:

(Please type or print name)

SOUTHWEST GAS STORAGE COMPANY

BY:

(Please type or print name)

DATED:

SUPERSEDES AMENDMENT NO.

Contract No.

Amendment No.

EXHIBIT B
No-Notice Storage Service
Under Rate Schedule NNS
Contract No.

MARKET BASED RATES

This Agreement provides service utilizing the (choose one)

East Area Storage Facilities

West Area Storage Facilities

These Market Based Rates are effective for the period

	<u>Rate per Dt</u>
<u>No-Notice Reservation Charge</u>	<u>\$</u>

SHIPPER:

BY:

(Please type or print name)

DATED:

SOUTHWEST GAS STORAGE COMPANY

BY:

(Please type or print name)

DATED:

SUPERSEDES AMENDMENT NO.

RATE SCHEDULE FPS
FIRM PARKING SERVICE
FORM OF PARKING SERVICE AGREEMENT

CONTRACT NO. _____

This Agreement, is made and entered into as of the _____ day of _____, by and between Southwest Gas Storage Company (hereinafter called "Southwest") and _____ (hereinafter called "Shipper"). In consideration of mutual covenants and agreements as herein set forth, both Southwest and Shipper covenant and agree upon the following terms and conditions:

ARTICLE 1 - SERVICE

Southwest agrees to receive gas for the account of Shipper and park, on a firm and capacity available basis, Quantities of Gas at any specified point(s) on any day of the injection period, as set forth on Exhibit A, up to the Maximum Daily Injection Quantity, as set forth on Exhibit A, at Southwest's East Area Storage Facilities or West Area Storage Facilities, as defined in the General Terms and Conditions, and withdraw, on a firm basis, Quantities of Gas on any day of the withdrawal period, as set forth on Exhibit A, up to the Maximum Daily Withdrawal Quantity, as set forth on Exhibit A. Injections shall occur under this Agreement such that Shipper's Park Balance at the end of the injection period is equal to Shipper's Maximum Park Balance, as set forth on Exhibit A. Withdrawals shall occur under this Agreement such that Shipper's Park Balance shall equal zero (0) at the end of the withdrawal period.

ARTICLE 2 - TERM

This Agreement shall become effective from the date first stated above. The term for this Agreement shall be set forth on Exhibit A.

ARTICLE 3 - RATES AND CHARGES

For the parking services provided or contracted for hereunder, Shipper agrees to pay the applicable charges under Southwest's Rate Schedule FPS at the Market Based Rates set forth in Exhibit B hereto. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the terms under Rate Schedule FPS and the applicability thereof, the General Terms and Conditions or any other provisions of Southwest's Tariff, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder.

ARTICLE 4 - FUEL REIMBURSEMENT

In addition to collection of the rates and charges provided for in Article 3, Southwest shall retain the percentage, as set forth in Exhibit B hereto, of the Quantities received from Shipper and injected

hereunder and of the Quantities redelivered to Shipper and withdrawn hereunder for reimbursement in kind from Shipper for Fuel Reimbursement.

ARTICLE 5 - GENERAL TERMS AND CONDITIONS

The Parking Service Agreement and all terms for service hereunder are subject to the further provisions of Rate Schedule FPS and the General Terms and Conditions of Southwest's Tariff, as such may be modified, supplemented, superseded or replaced generally or as to the service hereunder. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the provisions of Rate Schedule FPS and the General Terms and Conditions, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder. Such Rate Schedule FPS and the General Terms and Conditions, as may be changed from time to time, are by this reference incorporated in their entirety into this Agreement and made an integral part hereof.

ARTICLE 6 - SUCCESSION AND ASSIGNMENTS

This Agreement shall be binding upon and inure to the benefit of any successor(s) to either Southwest or Shipper by merger, consolidation or acquisition. Either Southwest or Shipper may assign or pledge this Agreement and all rights and obligations hereunder under the provisions of any mortgage, deed of trust, indenture or other instrument which it has executed or may execute hereafter as security for indebtedness.

ARTICLE 7 - CANCELLATION OF PREVIOUS CONTRACTS

This Agreement supersedes and cancels the following Parking Service Agreement(s) between the parties hereto:

ARTICLE 8 - NOTICES

Any formal notice, request or demand which either party hereto may desire to give to the other respecting this Service Agreement shall be in writing and sent to Southwest's address posted on Southwest's Web Site or to Shipper's address stated below, or such other physical or electronic address as either party shall designate by written or electronic communication.

Shipper:

Billing:

Nomination and Scheduling:

Emergency:

All Other:

Southwest:

Nomination and Scheduling:	<u>Southwest Gas Storage Company</u>
	<u>Attn: Marketing Operations</u>
	<u>P. O. Box 4967</u>
	<u>Houston, Texas 77210-4967</u>
	<u>Phone: (713) 962-9862</u>
	<u>Fax: (713) 286-5402</u>
Pipeline Emergencies:	<u>SOUTHWEST GAS STORAGE COMPANY</u>
(Not to be used for any	<u>Attn: Gas Control</u>
other purpose)	<u>P. O. Box 4967</u>
	<u>Houston, Texas 77210-4967</u>
	<u>Phone: (713) 627-5623</u>
	<u>Toll Free: 1-800-225-3913</u>
All Other:	<u>Southwest Gas Storage Company</u>
	<u>Attn: Customer Services</u>
	<u>P. O. Box 4967</u>
	<u>Houston, Texas 77210-4967</u>
	<u>Phone: (713) 627-4272 or</u>
	<u>1-800-275-7375</u>
	<u>Fax: (713) 989-1178</u>

Contract No. _____

IN WITNESS WHEREOF, both Southwest and Shipper have caused this Agreement to be executed in several counterparts by their respective officers or other persons duly authorized to do so.

SHIPPER: _____

By: _____

(Please type or print name)

Title: _____

EXECUTED _____,

(Date)

SOUTHWEST GAS STORAGE COMPANY

By: _____

(Please type or print name)

Title: _____

EXECUTED _____,

(Date)

Contract No.

Amendment No.

EXHIBIT A
Firm Parking Service
Under Rate Schedule FPS
Contract No.

TERM

The Term of this Agreement shall be

Injection Period Start Date

Injection Period End Date

Withdrawal Period Start Date

Withdrawal Period End Date

CONTRACT QUANTITIES

This Agreement provides service utilizing the (choose one)

East Area Storage Facilities

West Area Storage Facilities

Maximum Parked Quantity (MPQ): Dt

Maximum Daily Injection Quantity (MIQ): Dt

Maximum Daily Withdrawal Quantity (MWQ): Dt

SHIPPER:

BY:

DATED:

(Please type or print name)

SOUTHWEST GAS STORAGE COMPANY

BY:

(Please type or print name)

DATED:

SUPERSEDES AMENDMENT NO.

Contract No. _____

Amendment No. _____

EXHIBIT B
Firm Parking Service
Under Rate Schedule FPS
Contract No. _____

MARKET BASED RATES

This Agreement provides service utilizing the (choose one)

East Area Storage Facilities

West Area Storage Facilities

These Market Based Rates are effective for the period _____.

	<u>Rate per Dt</u>
<u>Firm Parking Reservation Charge</u>	<u>\$ _____</u>
<u>Firm Parking Injection Charge (1)</u>	<u>_____</u>
<u>Firm parking Withdrawal Charge</u>	<u>_____</u>

<u>Fuel Reimbursement</u>	
<u>Injection</u>	<u>% _____</u>
<u>Withdrawal</u>	<u>% _____</u>

(1) The ACA Unit Charge is applicable to Shipper pursuant to Section 3.3 of Rate Schedule FPS.

SHIPPER: _____

BY: _____

(Please type or print name)

DATED: _____

SOUTHWEST GAS STORAGE COMPANY

BY: _____

(Please type or print name)

DATED: _____

SUPERSEDES AMENDMENT NO. _____

RATE SCHEDULE FLS
FIRM LOAN SERVICE
FORM OF LOAN SERVICE AGREEMENT

CONTRACT NO. _____

_____ This Agreement, is made and entered into as of the _____ day of _____, by and between Southwest Gas Storage Company (hereinafter called "Southwest") and _____ (hereinafter called "Shipper"). In consideration of mutual covenants and agreements as herein set forth, both Southwest and Shipper covenant and agree upon the following terms and conditions:

ARTICLE 1 - SERVICE

_____ Southwest agrees to loan gas for the account of Shipper and unpark, on a firm and capacity available basis, Quantities of Gas at any specified point(s) on any day of the withdrawal period, as set forth on Exhibit A, up to the Maximum Daily Withdrawal Quantity, as set forth on Exhibit A, at Southwest's East Area Storage Facilities or West Area Storage Facilities, as defined in the General Terms and Conditions, and inject, on a firm basis, Quantities of Gas on any day of the injection period, as set forth on Exhibit A, up to the Maximum Daily Injection Quantity, as set forth on Exhibit A. Withdrawals shall occur under this Agreement such that Shipper's Loan Balance at the end of the withdrawal period is equal to Shipper's Maximum Loan Quantity, as set forth on Exhibit A. Injections shall occur under this Agreement such that Shipper's Loan Balance shall equal zero (0) at the end of the injection period.

ARTICLE 2 - TERM

_____ This Agreement shall become effective from the date first stated above. The term for this Agreement shall be set forth on Exhibit A.

ARTICLE 3 - RATES AND CHARGES

_____ For the loan services provided or contracted for hereunder, Shipper agrees to pay the applicable charges under Southwest's Rate Schedule FLS at the Market Based Rates set forth in Exhibit B hereto. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the terms under Rate Schedule FLS and the applicability thereof, the General Terms and Conditions or any other provisions of Southwest's Tariff, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder.

ARTICLE 4 - FUEL REIMBURSEMENT

_____ In addition to collection of the rates and charges provided for in Article 3, Southwest shall retain the percentage, as set forth in Exhibit B hereto, of the Quantities delivered to Shipper and withdrawn hereunder and the Quantities received from Shipper and injected hereunder for reimbursement in kind from Shipper for Fuel Reimbursement.

ARTICLE 5 - GENERAL TERMS AND CONDITIONS

The Loan Service Agreement and all terms for service hereunder are subject to the further provisions of Rate Schedule FLS and the General Terms and Conditions of Southwest's Tariff, as such may be modified, supplemented, superseded or replaced generally or as to the service hereunder. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the provisions of Rate Schedule FLS and the General Terms and Conditions, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder. Such Rate Schedule FLS and the General Terms and Conditions, as may be changed from time to time, are by this reference incorporated in their entirety into this Agreement and made an integral part hereof.

ARTICLE 6 - SUCCESSION AND ASSIGNMENTS

This Agreement shall be binding upon and inure to the benefit of any successor(s) to either Southwest or Shipper by merger, consolidation or acquisition. Either Southwest or Shipper may assign or pledge this Agreement and all rights and obligations hereunder under the provisions of any mortgage, deed of trust, indenture or other instrument which it has executed or may execute hereafter as security for indebtedness.

ARTICLE 7 - CANCELLATION OF PREVIOUS CONTRACTS

This Agreement supersedes and cancels the following Loan Service Agreement(s) between the parties hereto:

ARTICLE 8 - NOTICES

Any formal notice, request or demand which either party hereto may desire to give to the other respecting this Loan Service Agreement shall be in writing and sent to Southwest's address posted on Southwest's Web Site or to Shipper's address stated below, or such other physical or electronic address as either party shall designate by written or electronic communication.

Shipper:

Billing:

Nomination and Scheduling:

Emergency:

All Other:

Southwest:

Nomination and Scheduling:	<u>Southwest Gas Storage Company</u>
	<u>Attn: Marketing Operations</u>
	<u>P. O. Box 4967</u>
	<u>Houston, Texas 77210-4967</u>
	<u>Phone: (713) 962-9862</u>
	<u>Fax: (713) 286-5402</u>

Pipeline Emergencies:	<u>SOUTHWEST GAS STORAGE COMPANY</u>
(Not to be used for any	<u>Attn: Gas Control</u>
other purpose)	<u>P. O. Box 4967</u>
	<u>Houston, Texas 77210-4967</u>
	<u>Phone: (713) 627-5623</u>
	<u>Toll Free: 1-800-225-3913</u>

All Other:	<u>Southwest Gas Storage Company</u>
	<u>Attn: Customer Services</u>
	<u>P. O. Box 4967</u>
	<u>Houston, Texas 77210-4967</u>
	<u>Phone: (713) 627-4272 or</u>
	<u>1-800-275-7375</u>
	<u>Fax: (713) 989-1178</u>

Contract No. _____

IN WITNESS WHEREOF, both Southwest and Shipper have caused this Agreement to be executed in several counterparts by their respective officers or other persons duly authorized to do so.

SHIPPER: _____

By: _____

(Please type or print name)

Title: _____

EXECUTED _____,

(Date)

SOUTHWEST GAS STORAGE COMPANY

By: _____

(Please type or print name)

Title: _____

EXECUTED _____,

(Date)

Contract No.

Amendment No.

EXHIBIT A
Firm Loan Service
Under Rate Schedule FLS
Contract No.

TERM

The Term of this Agreement shall be _____.

Withdrawal Period Start Date _____

Withdrawal Period End Date _____

Injection Period Start Date _____

Injection Period End Date _____

CONTRACT QUANTITIES

This Agreement provides service utilizing the (choose one)

East Area Storage Facilities

West Area Storage Facilities

Maximum Loan Quantity (MLQ): _____ Dt

Maximum Daily Injection Quantity (MIQ): _____ Dt

Maximum Daily Withdrawal Quantity (MWQ): _____ Dt

SHIPPER: _____

BY: _____

DATED: _____

(Please type or print name)

SOUTHWEST GAS STORAGE COMPANY

BY: _____

(Please type or print name)

DATED: _____

SUPERSEDES AMENDMENT NO. _____

Contract No. _____

Amendment No. _____

EXHIBIT B
Firm Loan Service
Under Rate Schedule FLS
Contract No. _____

MARKET BASED RATES

This Agreement provides service utilizing the (choose one)

East Area Storage Facilities

West Area Storage Facilities

These Market Based Rates are effective for the period _____.

	<u>Rate per Dt</u>
<u>Firm Loan Reservation Charge</u>	<u>\$</u> _____
<u>Firm Loan Injection Charge (1)</u>	_____
<u>Firm Loan Withdrawal Charge</u>	_____

<u>Fuel Reimbursement</u>	
<u>Injection</u>	<u>%</u> _____
<u>Withdrawal</u>	<u>%</u> _____

(1) The ACA Unit Charge is applicable to Shipper pursuant to Section 3.3 of Rate Schedule FLS.

SHIPPER: _____

BY: _____

(Please type or print name)

DATED: _____

SOUTHWEST GAS STORAGE COMPANY

BY: _____

(Please type or print name)

DATED: _____

SUPERSEDES AMENDMENT NO. _____

RATE SCHEDULE ISS
INTERRUPTIBLE STORAGE SERVICE
FORM OF STORAGE SERVICE AGREEMENT

CONTRACT NO. _____

This Agreement, is made and entered into as of the _____ day of _____, _____, by and between Southwest Gas Storage Company (hereinafter called "Southwest") and _____ (hereinafter called "Shipper"). In consideration of mutual covenants and agreements as herein set forth, both Southwest and Shipper covenant and agree upon the following terms and conditions:

ARTICLE 1 - SERVICE

Southwest agrees to inject and withdraw at the interconnection of Panhandle Eastern Pipe Line Company, LP's transmission facilities and Southwest's East Area Storage Facilities or West Area Storage Facilities, as defined in the General Terms and Conditions, and store on a fully interruptible basis, Quantities of Natural Gas as described in Section 2 of Rate Schedule ISS and as set forth on Exhibit A hereto.

ARTICLE 2 - TERM

This Agreement shall become effective from the date first stated above. The term for this Agreement shall be set forth on Exhibit A.

ARTICLE 3 - RATES AND CHARGES

For the storage services provided or contracted for hereunder, Shipper agrees to pay the applicable charges under Southwest's Rate Schedule ISS at the Market Based Rates set forth in Exhibit B hereto. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the terms under Rate Schedule ISS and the applicability thereof, the General Terms and Conditions or any other provisions of Southwest's Tariff, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder.

ARTICLE 4 - FUEL REIMBURSEMENT

In addition to collection of the rates and charges provided for in Article 3, Southwest shall retain the percentage stated in Exhibit B hereto of the Quantities received from Shipper and injected hereunder and of the Quantities redelivered to Shipper and withdrawn hereunder for reimbursement in kind from Shipper for Fuel Reimbursement.

ARTICLE 5 - GENERAL TERMS AND CONDITIONS

The Storage Service Agreement and all terms for service hereunder are subject to the further provisions of Rate Schedule ISS and the General Terms and Conditions of Southwest's Tariff, as such may be modified, supplemented, superseded or replaced generally or as to the service hereunder. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the provisions of Rate Schedule ISS and the General Terms and Conditions, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder. Such Rate Schedule ISS and the General Terms and Conditions, as may be changed from time to time, are by this reference incorporated in their entirety into this Agreement and made an integral part hereof. Southwest makes no representation, assurance or warranty that capacity will be available on Southwest's system at any time to provide storage services and Shipper agrees that Southwest shall bear no responsibility or liability to any person if capacity does not exist on any day to provide service hereunder.

ARTICLE 6 - SUCCESSION AND ASSIGNMENTS

This Agreement shall be binding upon and inure to the benefit of any successor(s) to either Southwest or Shipper by merger, consolidation or acquisition. Either Southwest or Shipper may assign or pledge this Agreement and all rights and obligations hereunder under the provisions of any mortgage, deed of trust, indenture or other instrument which it has executed or may execute hereafter as security for indebtedness.

ARTICLE 7 - CANCELLATION OF PREVIOUS CONTRACTS

This Agreement supersedes and cancels the following Storage Service Agreement(s) between the parties hereto:

ARTICLE 8 - NOTICES

Any formal notice, request or demand which either party hereto may desire to give to the other respecting this Storage Service Agreement shall be in writing and sent to Southwest's address posted on Southwest's Web Site or to Shipper's address stated below, or such other physical or electronic address as either party shall designate by written or electronic communication.

Shipper:

Billing:

Nomination and
Scheduling:

Emergency:

All Other:

Southwest:

Nomination and Scheduling:

Southwest Gas Storage Company
Attn: Marketing Operations
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 962-9862
Fax: (713) 286-5402

Pipeline Emergencies:
(Not to be used for any
other purpose)

SOUTHWEST GAS STORAGE COMPANY
Attn: Gas Control
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-5623
Toll Free: 1-800-225-3913

All Other:

Southwest Gas Storage Company
Attn: Customer Services
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-4272 or
1-800-275-7375
Fax: (713) 989-1178

Contract No. _____

IN WITNESS WHEREOF, both Southwest and Shipper have caused this Agreement to be executed in several counterparts by their respective officers or other persons duly authorized to do so.

SHIPPER: _____

By: _____

(Please type or print name)

Title: _____

EXECUTED _____, _____
(Date)

SOUTHWEST GAS STORAGE COMPANY

By: _____

(Please type or print name)

Title: _____

EXECUTED _____, _____
(Date)

Contract No. _____
Amendment No. _____

EXHIBIT A
Interruptible Storage Service
Under Rate Schedule ISS
Contract No. _____

TERM

The term of this agreement shall be _____.

CONTRACT QUANTITIES

This Agreement provides service utilizing the (choose one)

_____ East Area Storage Facilities
_____ West Area Storage Facilities

Maximum Annual Quantity (MAQ):	_____	Dt
Maximum Daily Injection Quantity (MIQ):	_____	Dt
Maximum Daily Withdrawal Quantity (MWQ):	_____	Dt

SHIPPER: _____

BY: _____

(Please type or print name)

DATED: _____

SOUTHWEST GAS STORAGE COMPANY

BY: _____

(Please type or print name)

DATED: _____

SUPERSEDES AMENDMENT NO. _____

Contract No. _____

Amendment No. _____

EXHIBIT B
Interruptible Storage Service
Under Rate Schedule ISS
Contract No. _____

MARKET BASED RATES

This Agreement provides service utilizing the (choose one)

_____ East Area Storage Facilities

_____ West Area Storage Facilities

These Market Based Rates are effective for the period _____.

	<u>Rate per Dt</u>
Inventory Charge	\$ _____
Authorized Overrun Charge	_____
ACA Unit Charge (1)	
Fuel Reimbursement	
Injection	_____ %
Withdrawal	_____ %

(1) The ACA Unit Charge is applicable to Shipper pursuant to Section 3.4 of Rate Schedule ISS.

SHIPPER: _____

BY: _____

(Please type or print name)

DATED: _____

SOUTHWEST GAS STORAGE COMPANY

BY: _____

(Please type or print name)

DATED: _____

SUPERSEDES AMENDMENT NO. _____

RATE SCHEDULE IGB
INTERRUPTIBLE GAS BALANCING SERVICE
FORM OF BALANCING SERVICE AGREEMENT

CONTRACT NO. _____

_____ This Agreement, is made and entered into as of the _____ day of _____, by and between Southwest Gas Storage Company (hereinafter called "Southwest") and _____ (hereinafter called "Shipper"). In consideration of mutual covenants and agreements as herein set forth, both Southwest and Shipper covenant and agree upon the following terms and conditions:

ARTICLE 1 - SERVICE

_____ Southwest agrees to (1) receive gas for the account of Shipper and park or (2) loan gas for the account of Shipper and unpark, on an interruptible and capacity available basis, quantities of Natural Gas at any specified point(s) at any time up to the Maximum Park Quantity or Maximum Loan Quantity, as applicable, at Southwest's East Area Storage Facilities or West Area Storage Facilities, as defined in the General Terms and Conditions and inject and withdraw, on an interruptible basis, Quantities of Natural Gas as described in Section 2 of Rate Schedule IGB and as set forth on Exhibit A hereto.

ARTICLE 2 - TERM

_____ This Agreement shall become effective from the date first stated above. The term for this Agreement shall be set forth on Exhibit A.

ARTICLE 3 - RATES AND CHARGES

_____ For the balancing services provided or contracted for hereunder, Shipper agrees to pay the applicable charges under Southwest's Rate Schedule IGB at the Market Based Rates set forth in Exhibit B hereto. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the terms under Rate Schedule IGB and the applicability thereof, the General Terms and Conditions or any other provisions of Southwest's Tariff, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder.

ARTICLE 4 - FUEL REIMBURSEMENT

_____ In addition to collection of the rates and charges provided for in Article 3, Southwest shall retain the percentage stated in Exhibit B hereto, of the Quantities received from Shipper and injected hereunder and of the Quantities redelivered/loaned to Shipper and withdrawn hereunder for reimbursement in kind from Shipper for Fuel Reimbursement.

ARTICLE 5 - GENERAL TERMS AND CONDITIONS

The Balancing Service Agreement and all terms for service hereunder are subject to the further provisions of Rate Schedule IGB and the General Terms and Conditions of Southwest's Tariff, as such may be modified, supplemented, superseded or replaced generally or as to the service hereunder. Southwest reserves the unilateral right from time to time to file and to make effective any such changes in the provisions of Rate Schedule IGB and the General Terms and Conditions, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder. Such Rate Schedule IGB and the General Terms and Conditions, as may be changed from time to time, are by this reference incorporated in their entirety into this Agreement and made an integral part hereof. Southwest makes no representation, assurance or warranty that capacity will be available on Southwest's system at any time to provide parking services and Shipper agrees that Southwest shall bear no responsibility or liability to any person if capacity does not exist on any day to provide service hereunder.

ARTICLE 6 - SUCCESSION AND ASSIGNMENTS

This Agreement shall be binding upon and inure to the benefit of any successor(s) to either Southwest or Shipper by merger, consolidation or acquisition. Either Southwest or Shipper may assign or pledge this Agreement and all rights and obligations hereunder under the provisions of any mortgage, deed of trust, indenture or other instrument which it has executed or may execute hereafter as security for indebtedness.

ARTICLE 7 - CANCELLATION OF PREVIOUS CONTRACTS

This Agreement supersedes and cancels the following Balancing Service Agreement(s) between the parties hereto:

ARTICLE 8 - NOTICES

Any formal notice, request or demand which either party hereto may desire to give to the other respecting this Balancing Service Agreement shall be in writing and sent to Southwest's address posted on Southwest's Web Site or to Shipper's address stated below, or such other physical or electronic address as either party shall designate by written or electronic communication.

Shipper:

Billing:

Nomination and
Scheduling:

Emergency:

All Other:

Southwest:

Nomination and Scheduling: Southwest Gas Storage Company
Attn: Marketing Operations
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 962-9862
Fax: (713) 286-5402

Pipeline Emergencies: SOUTHWEST GAS STORAGE COMPANY
(Not to be used for any Attn: Gas Control
other purpose) P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-5623
Toll Free: 1-800-225-3913

All Other: Southwest Gas Storage Company
Attn: Customer Services
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-4272 or
1-800-275-7375
Fax: (713) 989-1178

Contract No. _____

IN WITNESS WHEREOF, both Southwest and Shipper have caused this Agreement to be executed in several counterparts by their respective officers or other persons duly authorized to do so.

SHIPPER: _____

By: _____

(Please type or print name)

Title: _____

EXECUTED _____,

(Date)

SOUTHWEST GAS STORAGE COMPANY

By: _____

(Please type or print name)

Title: _____

EXECUTED _____,

(Date)

Contract No. _____

Amendment No. _____

EXHIBIT A
Interruptible Balancing Service
Under Rate Schedule IGB
Contract No. _____

TERM

The term of this agreement shall be _____.

CONTRACT QUANTITIES

This Agreement provides service utilizing the (choose one)

East Area Storage Facilities

West Area Storage Facilities

Maximum Park Quantity (MPQ) _____ Dt

Maximum Loan Quantity (MLQ) _____ Dt

Maximum Daily Injection Quantity (MIQ): _____ Dt

Maximum Daily Withdrawal Quantity (MWQ): _____ Dt

SHIPPER: _____

BY: _____

(Please type or print name)

DATED: _____

SOUTHWEST GAS STORAGE COMPANY

BY: _____

(Please type or print name)

DATED: _____

SUPERSEDES AMENDMENT NO. _____

Contract No. _____

Amendment No. _____

EXHIBIT B

Interruptible Balancing Service

Under Rate Schedule IGB

Contract No. _____

MARKET BASED RATES

This Agreement provides service utilizing the (choose one)

East Area Storage Facilities

West Area Storage Facilities

These Market Based Rates are effective for the period _____.

Rate per Dt

Interruptible Balancing Charge \$ _____

Interruptible Balancing Injection Charge _____

Interruptible Balancing Withdrawal Charge _____

ACA Unit Charge (1)

Fuel Reimbursement

Injection _____ %

Withdrawal _____ %

(1) The ACA Unit Charge is applicable to Shipper pursuant to Section 3.3 of Rate Schedule IGB.

SHIPPER: _____

BY: _____

(Please type or print name)

DATED: _____

SOUTHWEST GAS STORAGE COMPANY

BY: _____

(Please type or print name)

DATED: _____

SUPERSEDES AMENDMENT NO. _____

CAPACITY RELEASE
FORM OF SERVICE AGREEMENT

CONTRACT NO. _____

THIS AGREEMENT is made effective as of the _____ day of _____,
_____, by and between:

SOUTHWEST GAS STORAGE COMPANY, (hereinafter called "Southwest"), a Delaware
Corporation,

and

_____, (hereinafter called
"Replacement Shipper"). In consideration of the mutual covenants and agreements as herein set forth,
both Southwest and Replacement Shipper covenant and agree as follows:

ARTICLE 1 - SERVICE

For each occasion that Replacement Shipper obtains capacity from a Releasing Shipper through Southwest's capacity release program, an Addendum in the form of Exhibit A and Exhibit B, attached hereto will be made a part hereof. The specific terms and conditions of each release shall be reflected in each Addendum, which shall be incorporated and made a part of this Agreement, and which together shall constitute the terms and conditions of Southwest's service for each release.

Southwest agrees to receive at the Points of Receipt and deliver at the Points of Delivery, on a firm basis, Quantities of Natural Gas up to the Maximum Annual Quantity or Maximum Park Quantity obtained from the Releasing Shipper, as set forth on Exhibit A. The Maximum Annual Quantity or Maximum Park Quantity is stated in delivered Quantities, for which received Quantities must be adjusted for fuel usage and lost or unaccounted for gas as set out in the then-effective, applicable rates and charges under Southwest's Rate Schedules applicable to the Releasing Shipper. Southwest also agrees to loan, on a firm basis, Quantities of Natural Gas up to the Maximum Loan Quantity as set forth on Exhibit A.

ARTICLE 2 - TERM

This Agreement shall be effective from the date first stated above until _____, when this Agreement shall expire. Service shall commence and remain effective for a term coincidental for each capacity release term identified in each Addendum.

ARTICLE 3 - RATES AND CHARGES

For the services provided or contracted for hereunder (including any Addendum hereunder), Shipper agrees to pay Southwest the applicable charges under Southwest's Rate Schedules FSS, FPS or FLS at Market Based Rates set forth in Exhibit B hereto. Southwest reserves the right from time to time to unilaterally file and to make effective any such changes in the terms under Rate Schedules FSS, FPS or FLS and the applicability thereof, the General Terms and Conditions or any other provisions of Southwest's Tariff, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder.

ARTICLE 4 - FUEL REIMBURSEMENT

In addition to collection of the rates and charges provided for in each Addendum, Southwest shall retain, as Fuel Reimbursement, the percentage of the Quantities received from Shipper hereunder, as set forth in Exhibit B hereto.

ARTICLE 5 - GENERAL TERMS AND CONDITIONS

This Agreement and all terms for service hereunder are subject to the further provisions of the applicable Rate Schedule and the General Terms and Conditions of Southwest's Tariff, as such may be modified, supplemented, superseded or replaced generally or as to the service hereunder. Southwest reserves the right from time to time to unilaterally file and to make effective any such changes in the provisions of the applicable Rate Schedules and the General Terms and Conditions, subject to the applicable provisions of the Natural Gas Act and the Commission's Regulations thereunder. Such Rate Schedule and General Terms and Conditions, as may be changed from time to time, are by this reference incorporated in their entirety into this Agreement and made an integral part hereof.

ARTICLE 6 - NOTICES

Any formal notice, request or demand which either party hereto may desire to give to the other respecting this Storage Service, Parking Service or Loan Service Agreement shall be in writing and sent to Southwest's address posted on Southwest's Web Site or to Shipper's address stated below, or such other physical or electronic address as either party shall designate by written or electronic communication.

Southwest:

Nomination and Scheduling: Southwest Gas Storage Company
Attn: Marketing Operations
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 962-9862
Fax: (713) 286-5402

Pipeline Emergencies:
(Not to be used for any
other purpose)

Southwest Gas Storage Company
Attn: Gas Control
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-5623
Toll Free: 1-800-225-3913

All Other:

Southwest Gas Storage Company
Attn: Customer Services
P. O. Box 4967
Houston, Texas 77210-4967
Phone: (713) 627-4272 or
1-800-275-7375
Fax: (713) 989-1178

Replacement Shipper:

Billing:

Nomination and Scheduling: (1)

Emergency:

All Other:

(1) Please provide street address in addition to mailing address.

Contract No. _____

IN WITNESS WHEREOF, both Southwest and Replacement Shipper have caused this Agreement to be executed in several counterparts by their respective officers or other persons duly authorized to do so.

REPLACEMENT SHIPPER: _____

By: _____

(Please type or print name)

Title: _____

EXECUTED _____, _____
(Date)

SOUTHWEST GAS STORAGE COMPANY

By: _____

(Please type or print name)

Title: _____

EXECUTED _____, _____
(Date)

EXHIBIT A

Capacity Release Agreement No. _____
Addendum No. _____
Capacity Release
Service Agreement
Between
Southwest Gas Storage Company

and _____

Releasing Shipper
Contract No. _____

Releasing Shipper
Rate Schedule _____

Original Releasing
Shipper Contract No. _____

Regulation _____

Permanent or Temporary Release _____

Conditions of Recall _____

Term of Release

Begin _____ End _____

Capacity Rights

This Agreement provides service utilizing the (choose one)

_____ East Area Storage Facilities

_____ West Area Storage Facilities

Quantities pertaining to release of Rate Schedules FSS, FPS or FLS:

Maximum Annual Quantity (MAQ): _____ Dt

Maximum Park Quantity (MPQ): _____ Dt

Maximum Loan Quantity (MLQ): _____ Dt

Maximum Daily Injection Quantity (MIQ): _____ Dt

Maximum Daily Withdrawal Quantity (MWQ): _____ Dt

Capacity Release Agreement No. _____
Addendum No. _____

EXHIBIT B

MARKET BASED RATES

This Agreement provides service utilizing the (choose one)

_____ East Area Storage Facilities _____ West Area Storage Facilities
_____ West Area Storage Facilities

Charges pertaining to release of Rate Schedule FSS:

	<u>Rate per Dt</u>
Capacity Charge	\$ _____
Deliverability Charge	_____
Injection Charge (1)	_____
Withdrawal Charge	_____
Authorized Overrun Charge	_____
Fuel Reimbursement	
Injection	_____ %
Withdrawal	- _____ %

Charges pertaining to release of Rate Schedule FPS:

	<u>Rate per Dt</u>
<u>Firm Parking Reservation Charge</u>	\$ _____
<u>Firm Parking Injection Charge (1)</u>	_____
<u>Firm Parking Withdrawal Charge</u>	_____
<u>Fuel Reimbursement</u>	
Injection	_____ %
Withdrawal	_____ %

Charges pertaining to release of Rate Schedule FLS:

	<u>Rate per Dt</u>
<u>Firm Loan Reservation Charge</u>	\$ _____
<u>Firm Loan Injection Charge (1)</u>	_____
<u>Firm Loan Withdrawal Charge</u>	_____
<u>Fuel Reimbursement</u>	
Injection	_____ %
Withdrawal	_____ %

(1) The ACA Unit Charge is applicable to Shippers pursuant to Section 3.4 of Rate Schedule FSS and Section 3.3 of Rate Schedules FPS and FLS.

Other Conditions