ORDINANCE NO. 5288

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MESA, ARIZONA ADOPTING SCHEDULES OF TERMS, RATES, FEES AND CHARGES FOR CITY-OWNED NATURAL GAS UTILITIES

BE IT ORDAINED by the City Council of the City of Mesa, Maricopa County, State of Arizona, as follows:

Section 1: That the following Schedules of Terms, Rates, Fees and Charges for City-Owned Natural Gas Utilities, as made a public record by Resolution adopted on May 4, 2015, three copies of which are on file and available for public use and inspection with the Office of the City Clerk, are hereby established or amended and adopted to be applicable for the billing of utilities for the billing cycles ended on or after July 30, 2015:

SCHEDULE NO.	TITLE
G1.1	Residential Gas Service
G1.9	Residential Compressed Natural Gas Service
G3.1	General Gas Service
G3.2	General Gas Service For Air Conditioning
G3.5	Cogeneration Gas Service
G3.6	Large General Gas Service
G3.8	Seasonal Gas Service
G3.9	General Service Compressed Natural Gas Service
G5.1	Irrigation Pumping Gas Service
G6.3	Transportation Gas Service
GM1.1, GM1.2	Residential Gas Service Magma Service Area
GM1.9	Residential Compressed Natural Gas Service Magma
GM3.1	General Gas Service Magma Service Area
GM3.2	General Gas Service for Air Conditioning Magma
GM3.5	Cogeneration Gas Service Magma
GM3.6	Large General Gas Service Magma Service Area
GM3.8	Seasonal Gas Service Magma Service Area
GM3.9	General Service Compressed Natural Gas Service Magma
GM5.1	Irrigation Pumping Gas Service Magma
GM6.3	Transportation Gas Service Magma

Section 2: All Schedules and Titles for City-Owned Natural Gas Utilities previously approved and adopted and not amended or increased by this Ordinance remain in effect.

Section 3: All Ordinances or parts of Ordinances in conflict herewith with respect to the above Schedules and Titles are hereby repealed to the extent of such conflict.

Section 4: The various City officers and employees are hereby authorized and directed to perform all acts necessary to give effect to this Ordinance.

PASSED AND ADOPTED by the City Council of the City of Mesa, Arizona, this 18th day of May, 2015.

APPROVED:

John Giles

Mayor

ATTEST:

Agnes Goodwine, Deputy City Clerk

for City Clerk

CITY OF MESA CORPORATE SEAL MARICOPA COUNTY, AZ

RESIDENTIAL GAS SERVICE
CITY SERVICE AREA

APPLICATION

These rates are applicable to all natural gas service required for residential purposes in individual private dwellings and in individually metered apartments served primarily or entirely from City gate stations and other distribution infrastructure located within the corporate limits of the City of Mesa, when such service is supplied at one point of delivery and measured through one meter for the billing of utilities for the billing cycles ended on or after ~~July 31, 2014~~ **July 30, 2015** for service provided on and subsequent to the date on which those same billing cycles started.

Not applicable to temporary, breakdown, standby, supplementary or resale service, nor to gas used directly or indirectly for operation of prime movers.

MONTHLY BILLING CYCLE

Rate: For billing cycles May through October
~~$10.82~~ **$12.11** Gas System Service Charge, plus
$0.6685 per Billed Therm, Usage Charge first 25 Billed Therms and
$0.2167 per Billed Therm, Usage Charge all additional Billed Therms

For billing cycles November through April
~~$13.75~~ **$15.04** Gas System Service Charge, plus
$0.6685 per Billed Therm, Usage Charge first 25 Billed Therms and
$0.4926 per Billed Therm, Usage Charge all additional Billed Therms

A per Billed Therm Natural Gas Supply Cost Adjustment shall be included in all bills. See Adjustment 1 below.

ADJUSTMENTS

1. **A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.** ~~Subject to adjustments, based on the cost to the City's gas operations for the price of gas purchased, as shown on the Tariff Adjustments sheet.~~

2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units)

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities.

RESIDENTIAL COMPRESSED NATURAL GAS SERVICE
CITY SERVICE AREA

APPLICATION

These rates are applicable to any residential customer served primarily or entirely from City gate stations and other distribution infrastructure located within the corporate limits of the City of Mesa, using natural gas for the sole purpose of compressing natural gas for use as a fuel vehicular internal combustion engine for the billing of utilities for the billing cycles ended on or after ~~July 31, 2014~~ **July 30, 2015** for usage occurring on and subsequent to the date on which those same billing cycles started.

Service under these schedules shall be through one or more meters at the option of the City's Energy Resources Department, provided they are located at the same premise. Service for any end use of gas other than compression of natural gas for vehicle use, such as space heating, water heating, processing or boiler fuel use, is not permitted under these schedules nor through the meter(s) through which service under these schedules is provided. Not applicable to temporary, breakdown, standby, supplementary, or resale service.

MONTHLY BILLING CYCLE

Rate: For billing cycles May through October
~~$30.17~~ **$31.46** Service Charge, plus
$0.0879 per Billed Therm, all Billed Therms

For billing cycles November through April
~~$39.85~~ **$41.14** Service Charge, plus
$0.0879 per Billed Therm, all Billed Therms

A per Billed Therm Gas Cost shall be included in all bills. See Adjustment 1 below.

HIGH PRESSURE GAS SERVICE

An additional charge of ~~$11.72~~ **$12.22** per billing cycle will be made for each meter being supplied with a higher than normal pressure.

ADJUSTMENTS

1. **A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.** ~~Subject to adjustments, based on the cost to the City's gas operations for the price of gas purchased, as shown on the Tariff Adjustments sheet.~~
2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units).

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities.

GENERAL GAS SERVICE
CITY SERVICE AREA

APPLICATION

This rate is applicable to any nonresidential customer using the City's natural gas for any purpose, provided the customer's premises are designated by the City as suitable for service hereunder; and which (i) is served primarily or entirely from City gate stations and other distribution infrastructure located within the corporate limits of the City of Mesa; (ii) if an existing customer, has average monthly billed usage in the last twelve (12) months of less than six thousand seven hundred (6,700) Billed Therms, or if a new customer or a customer with less than twelve (12) months of billing history, has anticipated average monthly billed usage in the next twelve (12) months of less than six thousand seven hundred (6,700) Billed Therms; and (iii) is supplied at one point of delivery and measured through one meter for the billing of utilities for the billing cycles ended on or after ~~July 31, 2014~~ **July 30, 2015** for usage occurring on and subsequent to the date on which those same billing cycles started.

Not applicable to temporary, breakdown, standby, supplementary or resale service.

MONTHLY BILLING CYCLE

Rate: For billing cycles May through October
~~$30.17~~ **$31.46** Service Charge, plus
$0.5280 per Billed Therm, first 1,200 Billed Therms and
$0.3166 per Billed Therm, all additional Billed Therms

For billing cycles November through April
~~$39.85~~ **$41.14** Service Charge, plus
$0.5718 per Billed Therm, first 1,200 Billed Therms and
$0.4574 per Billed Therm, all additional Billed Therms

A per Billed Therm Gas Cost shall be included in all bills. See Adjustment 1 below.

HIGH PRESSURE GAS SERVICE

An additional charge of ~~$12.46~~ **$12.99** per billing cycle will be made for each meter being supplied with a higher than normal pressure. This charge will be made regardless of the quantity of gas consumed in the month.

GAS LINE EXTENSION AGREEMENT

Prior to construction of any incremental delivery infrastructure, the City may require that the customer execute a contract which may include commitments from the customer, including but not limited to, service requirements and consumption. This contract may require the payment by customer, prior to construction, of some or all of the infrastructure extension costs in accordance with the Mesa City Code.

SUBSTITUTION OF RATE

The customer may transfer to another rate for which such customer is qualified after any period of twelve (12) months or more of continuous service hereunder. Each such transfer shall be effective with the first regular meter reading date following the written request for, and confirmation by the City of qualification for, such transfer.

ADJUSTMENTS

1. **A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.** ~~Subject to adjustments, based on the cost to the City's gas operations for the price of gas purchased, as shown on the Tariff Adjustments sheet.~~

2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units).

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities.

INTERFERING EQUIPMENT

Whenever the customer's gas equipment has characteristics that may cause interference with City's Gas Service, including but not limited to service to other customers or interference with accurate metering, Customer shall provide facilities at customer's expense to preclude such interference prior to receiving service.

GENERAL GAS SERVICE FOR AIR CONDITIONING
CITY SERVICE AREA

APPLICATION

These rates are applicable to any general service customer using natural gas for air conditioning equipment, that is served primarily or entirely from City gate stations and other distribution infrastructure located within the corporate limits of the City of Mesa, when such service is supplied at one point of delivery and measured through one meter for the billing of utilities for the billing cycles ended on or after ~~July 31, 2014~~ **July 30, 2015** for usage occurring on and subsequent to the date on which those same billing cycles started. Not applicable to temporary, breakdown, standby, supplementary or resale service.

MONTHLY BILLING CYCLE

Rate: For billing cycles May through October
~~$30.17~~ **$31.46** Service Charge, plus
$0.2167 per Billed Therm, all Billed Therms

For billing cycles November through April
~~$39.85~~ **$41.14** Service Charge, plus
$0.5718 per Billed Therm, first 1,200 Billed Therms, and
$0.4574 per Billed Therm, all additional Billed Therms

A per Billed Therm Gas Cost shall be included in all bills. See Adjustment 1 below.

HIGH PRESSURE GAS SERVICE

An additional charge of ~~$12.46~~ **$12.99** per billing cycle will be made for each meter being supplied with a higher than normal pressure. This charge will be made regardless of the quantity of gas consumed in the month.

ADJUSTMENTS

1. **A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.** ~~Subject to adjustments, based on the cost to the City's gas operations for the price of gas purchased, as shown on the Tariff Adjustments sheet.~~

2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units).

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities.

COGENERATION GAS SERVICE
CITY SERVICE AREA

APPLICATION

These rates are applicable to any nonresidential customer served primarily or entirely from City gate stations and other distribution infrastructure located within the corporate limits of the City of Mesa using the City's natural gas service for Cogeneration or On-Site Generation for the billing of utilities for the billing cycles ended on or after ~~July 31, 2014~~ **July 30, 2015** for usage occurring on and subsequent to the date on which those same billing cycles started. The electricity that is required by a given facility is produced onsite by natural gas fueled engines, fuel cells, or turbines with the capability of supplementing the local electric utility's supply and/or recovering the equipment's heat of rejection for space conditioning and/or process uses.

MONTHLY BILLING CYCLE

Rate: ~~$463.02~~ **$464.31** Service Charge, plus
$0.0879 per Billed Therm, all Billed Therms

A per Billed Therm Gas Cost shall be included in all bills. See Adjustment 1 below.

HIGH PRESSURE GAS SERVICE

An additional charge of ~~$12.46~~ **$12.99** billing cycle will be made for each meter being supplied with a higher than normal pressure. This charge will be made regardless of the quantity of gas consumed in the month.

ADJUSTMENTS

1. **A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.** ~~Subject to adjustments, based on the cost to the City's gas operations for the price of gas purchased, as shown on the Tariff Adjustments sheet.~~

2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units).

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities.

LARGE GENERAL GAS SERVICE
CITY SERVICE AREA

APPLICATION

This rate is applicable to any nonresidential customer using the City's natural gas for any purpose, provided the customer's premises are designated by the City as suitable for service hereunder; and which (i) is served primarily or entirely from City gate stations and other distribution infrastructure located within the corporate limits of the City of Mesa; (ii) if an existing customer, has average monthly billed usage in the preceding twelve (12) months of equal to or greater than six thousand seven hundred (6,700) Billed Therms, or if a new customer or a customer with less than twelve (12) months of billing history, has anticipated average monthly billed usage in the next twelve (12) months equal to or greater than six thousand seven hundred (6,700) Billed Therms, and; (iii) is supplied at one point of delivery and measured through one meter for the billing of utilities for the billing cycles ended on or after ~~July 31, 2014~~ **July 30, 2015** for usage occurring on and subsequent to the date on which those same billing cycles started.

Not applicable to temporary, breakdown, standby, supplementary or resale service.

MONTHLY BILLING CYCLE

Service Charge: ~~$924.87~~ **$926.16** per billing cycle

Rate: $0.2843 per Billed Therm, all Billed Therms

A per Billed Therm Gas Cost shall be included in all bills. See Adjustment 1 below.

HIGH PRESSURE SERVICE

An additional charge of ~~$12.46~~ **$12.99** per billing cycle will be made for each meter being supplied with a higher than normal pressure. This charge will be made regardless of the quantity of gas consumed in the month.

ADJUSTMENTS

1. **A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.** ~~Subject to adjustments, based on the cost to the City's gas operations for the price of gas purchased, as shown on the Tariff Adjustments sheet.~~

2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units).

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities.

GAS LINE ~~EXTENTION~~ **EXTENSION** AGREEMENT

Prior to construction of any incremental delivery infrastructure, the City may require that the customer execute a contract which may include commitments from the customer, including but not limited to, service requirements and consumption. This contract may require the payment by customer, prior to construction, of some or all of the infrastructure extension costs in accordance with the Mesa City Code.

SUBSTITUTION OF RATE

The customer may transfer to another rate for which such customer is and remains qualified after any period of twelve (12) months or more of continuous service hereunder. Each such transfer shall be effective with the first regular meter reading date following the written request for, and confirmation by the City of qualification for, such transfer.

INTERFERING EQUIPMENT

Whenever any of the customer's utilization equipment has characteristics that will cause interference with service to any other customer or interfere with proper metering, suitable facilities shall be provided at the customer's expense to preclude such interference.

SEASONAL GAS SERVICE
CITY SERVICE AREA

APPLICATION

These rates are applicable from May 1 through October 31 to all gas used for agricultural production, processing and dehydration (but not including agricultural irrigation) served primarily or entirely from City gate stations and other distribution infrastructure located within the corporate limits of the City of Mesa, supplied at one point of delivery and measured through one meter for the billing cycles ended on or after ~~July 31, 2014~~ **July 30, 2015** for usage occurring on and subsequent to the date on which those same billing cycles started. From November 1 to April 30, Schedule G3.1 General Gas Service shall be applicable to all such service. Not applicable to temporary, breakdown, standby, supplementary or resale service.

MONTHLY BILLING CYCLE

Rate: For billing cycles May through October
~~$30.17~~ **$31.46** Service Charge, plus
$0.2167 per Billed Therm, all Billed Therms

For billing cycles November through April
~~$39.85~~ **$41.14** Service Charge, plus
$0.5718 per Billed Therm, first 1,200 Billed Therms and
$0.4574 per Billed Therm, all additional Billed Therms

A per Billed Therm Gas Cost shall be included in all bills. See Adjustment 1 below.

HIGH PRESSURE GAS SERVICE

An additional charge of ~~$12.46~~ **$12.99** per billing cycle will be made for each meter being supplied with a higher than normal pressure.

ADJUSTMENTS

1. **A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.** ~~Subject to adjustments, based on the cost to the City's gas operations for the price of gas purchased, as shown on the Tariff Adjustments sheet.~~

2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units).

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities.

GENERAL SERVICE COMPRESSED NATURAL GAS SERVICE
CITY ~~SERVICA~~ **SERVICE** AREA

APPLICATION

These rates are applicable to gas service to any non-residential customer served primarily or entirely from City gate stations and other distribution infrastructure located within the corporate limits of the City of Mesa using natural gas for the sole purpose of compressing natural gas for use as a fuel in vehicular internal combustion engines for the billing of utilities for the billing cycles ended on or after ~~July 31, 2014~~ **July 30, 2015**, for service provided on and subsequent to the date on which those same billing cycles started.

Service under these schedules shall be through one or more meters at the option of the City's Energy Resources Department, provided they are located at the same premise. Service for any end use of gas other than compression of natural gas for vehicle use, such as space heating, water heating, processing or boiler fuel use, is not permitted under these schedules nor through the meter(s) through which service under these schedules is provided.

MONTHLY BILLING CYCLE

Rate: For billing cycles May through October
~~$30.17~~ **$31.46** Service Charge, plus
$0.0879 per Billed Therm Usage Charge, all Billed Therms

For billing cycles November through April
~~$39.85~~ **$41.14** Service Charge, plus
$0.0879 per Billed Therm Usage Charge, all Billed Therms

A per Billed Therm Gas Cost shall be included in all bills. See Adjustment 1 below.

HIGH PRESSURE GAS SERVICE

An additional charge of ~~$12.46~~ **$12.99** per billing cycle will be made for each meter being supplied with a higher than normal pressure.

ADJUSTMENTS

1. **A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.** ~~Subject to adjustments, based on the cost to the City's gas operations for the price of gas purchased, as shown on the Tariff Adjustments sheet.~~

2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units).

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities.

IRRIGATION PUMPING GAS SERVICE
CITY SERVICE AREA

APPLICATION

These rates are applicable from May 1 through Oct 31 to all gas served primarily or entirely from City gate stations and other distribution infrastructure located within the corporate limits of the City of Mesa required for agricultural irrigation for the billing cycles ended on or after ~~July 31, 2014~~ **July 30, 2015** for usage occurring on and subsequent to the date on which those same billing cycles started. From November 1 through April 30, Schedule G3.1 General Gas Service shall be applicable to all such service.

MONTHLY BILLING CYCLE

Rate: For billing cycles May through October
~~$30.17~~ **$31.46** Service Charge, plus
$0.2167 per Billed Therm, all Billed Therms

For billing cycles November through April
~~$39.85~~ **$41.14** Service Charge, plus
$0.5718 per Billed Therm, first 1,200 Billed Therms and
$0.4574 per Billed Therm, all additional Billed Therms

A per Billed Therm Gas Cost shall be included in all bills. See Adjustment 1 below.

HIGH PRESSURE GAS SERVICE

An additional charge of ~~$12.46~~ **$12.99** per billing cycle will be made for each meter being supplied with a higher than normal pressure. This charge will be made regardless of the quantity of gas consumed in the month.

ADJUSTMENTS

1. **A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.** ~~Subject to adjustments, based on the cost to the City's gas operations for the price of gas purchased, as shown on the Tariff Adjustments sheet.~~

2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units).

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities.

TRANSPORTATION GAS SERVICE
CITY SERVICE AREA

APPLICATION

This rate is applicable to any Customer served primarily or entirely from City gate stations and other distribution infrastructure located within the corporate limits of the City of Mesa meeting the qualifications listed in the "Customer Eligibility" section of this rate schedule and subject to the following:

- The Customer shall enter into a Natural Gas Transportation Agreement ("Agreement) specified by the City.
- The Customer has arranged for delivery of natural gas to and receipt of gas from City's gas pipeline system (the "System").
- City reserves the right to deny service if, in its sole discretion, (1) adequate capacity is not available in the existing System to provide the service, (2) such service would adversely affect City's full-requirements sales customers, or (3) such service would pose a hazard to public safety.
- Natural gas transported by the City under this schedule shall be for the Customer's use only.

CUSTOMER ELIGIBILITY

A Customer is eligible to receive natural gas transportation service under this Transportation Gas Service Tariff provided that the following conditions are satisfied:

1) The Customer's average monthly consumption at one of the customer's metered points of delivery as designated in the Agreement is no less than fifteen thousand (15,000) Therms.
2) The Customer's monthly load factor is no less than 0.7, as determined by dividing the total consumption of the lowest billed month by the total consumption of the highest billed month (within normal operating parameters). If the Customer is new to the City's Gas system, or if the Customer is altering its operations, the Customer shall provide sufficient evidence that future consumption will satisfy this requirement.
3) The Customer's hourly load factor is no less than 0.5, as determined by dividing the total consumption of the lowest billed hour by the total consumption of the highest billed hour (within normal operating parameters). If the Customer is new to the City's Gas system, or if the Customer is altering its operations, the Customer shall provide sufficient evidence that future consumption will satisfy this requirement.
4) The Customer has demonstrated (by producing a signed contract with a natural gas supplier and natural gas pipeline transmission company) that the Customer has procured the appropriate natural gas supplies and transmission capabilities to meet the Customer's natural gas requirements. Such gas shall be of a quality and composition acceptable to the City and its upstream pipeline operators as described in the upstream pipeline operators' Gas Tariff as filed with and approved by the Federal Energy Regulatory Commission ("FERC").

Additional conditions may apply and be included in the Natural Gas Transportation Service Agreement. Failure to satisfy any of these conditions may result in the termination of transportation service at the City's discretion.

MAXIMUM DAILY DELIVERY QUANTITY

Customer and City shall agree to a Maximum Daily Delivery Quantity ("MDDQ") to be transported by City. Such MDDQ shall be specified in the Natural Gas Transportation Agreement. If Customer exceeds the MDDQ specified in the service agreement on any day with City's consent, these excess quantities shall be deemed to be an authorized overrun and shall be treated for billing purposes the same as regular transportation services.

Exceedance by Customer on any day of the MDDQ specified in the Agreement, for which City approval was not specifically requested and granted, shall be deemed an unauthorized overrun. The sales rate under Gas Schedule No. G3.6 and any adjustments thereto shall be applicable (including all gas costs specified on the Tariff Adjustment sheet) to all unauthorized overrun gas quantities, in addition to reimbursement by Customer of any imbalance or penalty charges otherwise imposed on or applicable to the City.

MONTHLY BILLING CYCLE

The Natural Gas Transportation Service rate shall apply to all gas transported during the billing cycle up to the contractual MDDQ multiplied by the number of days in the billing cycle.

Monthly Billing Cycle Transportation Service Charge: ~~$924.87~~ **$926.16**

Monthly Billing Cycle Transportation Charge (per delivery point meter)

Flow Rate: $0.2903 per Billed Therm Transportation Charge

In addition, the Customer shall be responsible for any other costs as specified in the Agreement. The minimum charge per month shall be the Monthly Billing Cycle Transportation Service Charge, plus all adjustments set forth herein.

ADJUSTMENTS

1. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

2. Subsequent events. If any sales, excise, or other new or additional taxes, licenses, or fees are hereafter imposed against the City related to services rendered to Customer, such tax or taxes, licenses or fees shall be reimbursed by Customer to City.

3. Balancing and Cash-Out. An imbalance is the amount by which receipts into City's system for Customer's account differ from deliveries to Customer. A "Monthly Imbalance Percentage" is the amount stated as a percentage derived by dividing the monthly imbalance by the total gas quantities delivered to Customer in a given month. Customer shall use all reasonable efforts to conform its actual usage to its nominated, confirmed, and allocated daily volumes on each day throughout the course of each month, to minimize daily and monthly imbalances between nominations and actual usage. Customers will be assessed excess imbalance charges if the Monthly Imbalance Percentage exceeds five percent (5%). In addition to the charges payable under this Schedule and the customer's otherwise applicable rate Schedule, any monthly excess imbalance quantity shall be billed as follows:

(a) Positive Excess Imbalance: When the sum of the Customer's scheduled transportation quantity for a month (plus any authorized overrun) exceeds the Customer's metered quantity for the same month, such excess gas quantity shall be retained by the City and no unit transportation usage charges shall apply to such excess gas. For each Therm by which the scheduled quantity exceeds the metered quantity, up to five percent (5%) of the scheduled quantity shall be credited on the customer's billing statement in the amount of seventy five percent (75%) of the Monthly System Cash-Out Index Price for the appropriate month posted by El Paso Natural Gas. Amounts by which the scheduled quantity exceeds the metered quantity in excess of five (5%) shall be not be credited to customer.

(b) Negative Excess Imbalance: When the sum of the Customer's scheduled transportation quantity for a month (plus any authorized overrun) is less than the Customer's metered quantity for a month, the shortfall imbalance in an amount of up to five percent (5%) of the scheduled quantity shall be made up by the customer the following month within the first ten (10) calendar days of such month. Any shortfall imbalance quantity exceeding five percent (5%) of the scheduled quantity shall be billed at one and one-half (1 ½) times the rate (in $/Therm) under Gas Schedule No. G3.6 including all gas cost adjustments.

4. Imbalance Or Other Penalties Assessed On City. If Customer's inability to balance its actual usage with its nominated, confirmed, and allocated daily volumes causes City to incur any penalties or increased costs, including, but not limited to, Critical or Strained Operating Condition penalties, overrun charges or penalties, unauthorized overpull penalties, additional gas purchases from gas merchants, or cash-outs at a price adverse to City, City shall pass through to Customer, and Customer shall pay City, for all such penalties or increased costs.

PROVISIONS FOR FUEL AND LOSSES

City will transport the quantity of gas tendered by Customer to City less a percentage specified in the Agreement by the City to recover any fuel and line losses associated with transportation of Customer's natural gas. Transportation charges shall apply to all gas quantities tendered by Customer to City for transportation, including quantities specified for fuel and losses.

POINT OF RECEIPT

Gas received by the City for transportation hereunder shall be tendered at the outlet of El Paso Natural Gas Company's meter(s) (or other interstate natural gas transmission pipeline) at City's gate meter station(s) which interconnect the City's System with that of El Paso Natural Gas Company (or other interstate natural gas transmission pipeline).

POINT OF DELIVERY

All gas transported to Customer by City hereunder shall be delivered at outlet of the Customer's meter ("Delivery Point"). Customer must specify what proportion of the supplied gas is to be transported to each Delivery Point.

RECEIPT POINT PRESSURE

Gas received by the City for transportation hereunder shall be received at a pressure sufficient to allow gas to enter the City's System but not in excess of the maximum pressures specified in City's service agreement with El Paso Natural Gas Company (or other interstate natural gas transmission pipeline). City shall not be required to compress into its System or facilities gas received by City under this Schedule, to lower its system operating pressure, to alter the direction of gas flow and/or the gas load or other operation or utilization of its System, or otherwise to change its normal distribution operations in order to receive and transport gas hereunder.

DELIVERY POINT PRESSURE

City shall deliver gas at each Delivery Point designated in the Agreement at such pressures as are available from time to time.

SCHEDULING AND NOMINATION INFORMATION

NAESB guidelines applicable to El Paso Natural Gas Company (or other interstate natural gas transmission pipeline) will be followed regarding nominating, confirming and scheduling gas receipts and deliveries, as they may be revised by the FERC from time to time. The Customer shall be responsible for directly contacting the City or its designee (collectively the "City") and the upstream interstate natural gas transmission pipeline(s) to arrange for the nominating and scheduling of receipts and deliveries hereunder, provided, however, that the Customer may designate one party to serve as its Agent for such purpose (collectively the "Customer"). The City and upstream interstate natural gas transmission pipeline(s) require that specific information be provided to successfully process each nomination. It is Customer's responsibility to satisfy the information requirements of both the City and the upstream interstate natural gas transmission pipeline(s).

LIMITATION ON TRANSPORTATION OBLIGATIONS

Customer's day to day gas quantities are to be consumed and supplied at approximately a uniform rate. On any operating day, the City may refuse to accept quantities of gas that result in fluctuations in excess of twenty percent (20%) from the volumes transported during the previous operating day. Fluctuations in excess of twenty percent (20%) shall only be allowed if prior approval has been obtained from the City (or its designee). If not approved, the fluctuations shall be considered excess imbalances and be charged to the Customer as such.

OPERATIONAL FLOW ORDERS

Customer shall voluntarily change its nomination upon twenty-four (24) hours' notice by City or its designee. If the Customer fails to respond to City's request voluntarily, City (or its designee) may issue an Operational Flow Order (OFO) at the end of the twenty-four (24) hour period. Such OFO shall establish Customer's nomination on City's system. All quantities tendered to and/or taken from City on a daily basis in violation of City's OFO shall constitute unauthorized receipts or deliveries for which a charge of three (3) times the rate under Gas Schedule No. G3.6 shall be assessed for each Therm tendered to and/or taken from City on a daily basis in violation of City's OFO. Customer shall be exempt from cash-out for imbalance quantities that result from complying with City's OFO request(s) issued under this section.

CURTAILMENT OF SERVICE

City (or its designee) shall use all reasonable efforts to provide transportation service to Customer. However, City (or its designee) shall curtail service to Customer on a pro-rata basis as necessary to assure continued service to all of City's customers or to meet a system emergency. City gas deliveries to Customer hereunder shall be subject to curtailment or interruption in whole or in part upon thirty (30) minutes notice, if practicable, by telephone or otherwise by City. During a period of curtailment, the City may, to the extent practicable, continue to accept delivery of Customer's gas and attempt to redeliver such gas at the Delivery Point(s).

QUALITY OF GAS

All gas tendered to City shall meet all applicable specifications set out in Section 5 of the General Terms and Conditions (or successor provisions) of El Paso Natural Gas Company's (or other interstate natural gas transmission pipeline) FERC Gas Tariff.

WARRANTY OF TITLE AND INDEMNIFICATION

Title to all gas transported hereunder will at all times remain with the Customer. Customer shall warrant that it shall have good title to all gas transported under this Schedule, and Customer shall agree to fully defend, protect, indemnify, and hold harmless City (or its designee) from and against any claim, demand, cost (including attorney fees and court costs), liability, injury, damage, or judgment made or asserted against City (or its designee) resulting from any dispute regarding title to Customer's gas.

Prior to Customer's tender of Gas to City at the Point of Receipt, as between Customer and City, Customer shall be deemed to be in control and possession of the Gas transported under this Schedule. After City (or its designee) has received Customer's Gas at the Point of Receipt, City (or its designee) will be deemed in possession and control of Customer's Gas until City (or its designee) tenders the Gas to Customer at the Point of Delivery. Upon City's (or its designee) delivery of gas to Customer at the Delivery Point, Customer shall be deemed to be in possession and control of the gas.

When the gas is in the control and possession of a Party, such possessing Party agrees to fully defend, protect, indemnify, and hold harmless the non-possessing Party, its agents, employees, subcontractors, and persons for whom the non-possessing Party is responsible, from and against any claim, demand, cost (including attorney fees and court costs), liability (including strict liability), injury, damage, or judgment made or asserted against such non-possessing Party, its agents, employees, and subcontractors, resulting from damage, loss of whatever kind or character arising out of or in connection with the operation of facilities or the handling of gas by the possessing Party, its agents, employees, subcontractors, and persons for whom the possessing Party is responsible in connection with the performance under this Schedule. Such indemnification shall exclude damage or losses caused by the sole negligence or fault of the non-possessing Party, its agents, employees, and subcontractors.

CONSTRUCTION, INSTALLATION, AND MAINTENANCE OF FACILITIES

City shall install, at Customer's expense, all necessary equipment to transport gas, including, but not limited to, pipelines, meters, regulators, and electronic flow measurement and telemetry (EFM) equipment, which will permit continuous monitoring of Customer's usage. Customer shall provide a physical location of land suitable to locate the necessary metering and regulating equipment. All such equipment shall be owned, operated and maintained by City.

Customer also shall supply, at its own expense, an electric supply and telephone line, if applicable, as well as a site suitable on which to locate the EFM equipment, to accommodate EFM data transmission to City. City shall provide Customer with access to the EFM data generated by City's equipment at Customer's request and expense. City shall own, operate and maintain all EFM equipment.

Customer shall also be responsible for all costs associated with any distribution infrastructure or upstream infrastructure costs required to provide transportation service to the Customer and which City can demonstrate are a result of the customer's transportation service. All such facilities shall be installed and owned by the City.

OTHER TERMS AND CONDITIONS

Service hereunder is subject to City's Terms and Conditions for the Sale of Utilities.

RESIDENTIAL GAS SERVICE
MAGMA SERVICE AREA

APPLICATION

These rates are applicable to all natural gas service required for residential purposes in individual private dwellings and in individually metered apartments served primarily or entirely from the City's Magma gate stations and other distribution infrastructure located outside the corporate limits of the City of Mesa, when such service is supplied at one point of delivery and measured through one meter for the billing of utilities for the billing cycles ended on or after ~~July 31, 2014~~ **July 30, 2015** for service provided on and subsequent to the date on which those same billing cycles started.

Not applicable to temporary, breakdown, standby, supplementary or resale service, nor to gas used directly or indirectly for operation of prime movers.

MONTHLY BILLING CYCLE

Rate: For billing cycles May through October
~~$11.81~~ **$13.10** Gas System Service Charge, plus
$0.7370 per Billed Therm, Usage Charge first 25 Billed Therms and
$0.2388 per Billed Therm, Usage Charge all additional Billed Therms

For billing cycles November through April
~~$15.05~~ **$16.34** Gas System Service Charge, plus
$0.7370 per Billed Therm, Usage Charge first 25 Billed Therms and
$0.5433 per Billed Therm, Usage Charge all additional Billed Therms

A per Billed Therm Natural Gas Supply Cost Adjustment shall be included in all bills. See Adjustment 1 below.

A residential surcharge (GM1.2) shall be included when the City of Mesa Magma residential total billing amounts are lower than the most recent comparable market rate total billing amounts. This surcharge shall be equal to the difference between the City of Mesa Magma residential total monthly billing amounts and the calculated total billing amounts based on the most recent comparable market rates, and shall be included as such differences occur.

ADJUSTMENTS

1. **A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.** ~~Subject to adjustments, based on the cost to the City's gas operations for the price of gas purchased, as shown on the Tariff Adjustments sheet.~~
2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to all utility bills.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units).

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities.

RESIDENTIAL COMPRESSED NATURAL GAS SERVICE
MAGMA SERVICE AREA

APPLICATION

These rates are applicable to gas service to any residential customer served primarily or entirely from the City's Magma gate stations and other distribution infrastructure located outside the corporate limits of the City of Mesa using natural gas for the sole purpose of compressing natural gas for use as a fuel vehicular internal combustion engine for the billing of utilities for the billing cycles ended on or after ~~July 31, 2014~~ **July 30, 2015** for usage occurring on and subsequent to the date on which those same billing cycles started.

Service under these schedules shall be through one or more meters at the option of the City's Energy Resources Department, provided they are located at the same premise. Service for any end use of gas other than compression of natural gas for vehicle use, such as space heating, water heating, processing or boiler fuel use, is not permitted under these schedules nor through the meter(s) through which service under this Schedule is provided. Not applicable to temporary, breakdown, standby, supplementary, or resale service.

MONTHLY BILLING CYCLE

Rate: For billing cycles May through October
~~$33.15~~ **$34.44** Service Charge, plus
$0.0970 per Billed Therm, all Billed Therms

For billing cycles November through April
~~$43.84~~ **$45.13** Service Charge, plus
$0.0970 per Billed Therm, all Billed Therms

A per Billed Therm Gas Cost shall be included in all bills. See Adjustment 1 below.

HIGH PRESSURE GAS SERVICE

An additional charge of ~~$12.93~~ **$13.43** per billing cycle will be made for each meter being supplied with a higher than normal pressure.

ADJUSTMENTS

1. **A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.** ~~Subject to adjustments, based on the cost to the City's gas operations for the price of gas purchased, as shown on the Tariff Adjustments sheet.~~
2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units).

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities.

GENERAL GAS SERVICE
MAGMA SERVICE AREA

APPLICATION

This rate is applicable to any nonresidential customer using natural gas for any purpose, provided the customer's premises are designated by the City as suitable for service hereunder; and which (i) is served primarily or entirely from the City's Magma gate stations and other distribution infrastructure located outside the corporate limits of the City of Mesa; (ii) if an existing customer, has average monthly billed usage in the last twelve (12) months of less than six thousand seven hundred (6,700) Billed Therms, or if a new customer or a customer with less than twelve (12) months of billing history, has anticipated average monthly billed usage in the next 12 months of less than six thousand seven hundred (6,700) Billed Therms; and (iii) is supplied at one point of delivery and measured through one meter for the billing of utilities for the billing cycles ended on or after ~~July 31, 2014~~ **July 30, 2015** for usage occurring on and subsequent to the date on which those same billing cycles started.

Not applicable to temporary, breakdown, standby, supplementary or resale service.

MONTHLY BILLING CYCLE

Rate: For billing cycles May through October
~~$36.99~~ **$38.28** Service Charge, plus
$0.6522 per Billed Therm, first 1,200 Billed Therms and
$0.3910 per Billed Therm, all additional Billed Therms

For billing cycles November through April
~~$48.92~~ **$50.21** Service Charge, plus
$0.7061 per Billed Therm, first 1,200 Billed Therms and
$0.5648 per Billed Therm, all additional Billed Therms

A per Billed Therm Gas Cost shall be included in all bills. See Adjustment 1 below.

HIGH PRESSURE GAS SERVICE

An additional charge of ~~$18.71~~ **$19.36** per billing cycle will be made for each meter being supplied with a higher than normal pressure. This charge will be made regardless of the quantity of gas consumed in the month.

GAS LINE EXTENSION AGREEMENT

Prior to construction of any incremental delivery infrastructure, the City may require that the customer execute a contract which may include commitments from the Customer, including but not limited to, service requirements and consumption. This contract may require the payment by customer, prior to construction, of some or all of the infrastructure extension costs in accordance with the Mesa City Code.

SUBSTITUTION OF RATE

The customer may transfer to another rate for which such customer is qualified at any time after any period of twelve (12) months or more of continuous service hereunder. Each such transfer shall be effective with the first regular meter reading date following the written request for, and confirmation by the City of qualification for, such transfer.

ADJUSTMENTS

1. **A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.** ~~Subject to adjustments, based on the cost to the City's gas operations for the price of gas purchased, as shown on the Tariff Adjustments sheet.~~

2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units).

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities.

GENERAL GAS SERVICE FOR AIR CONDITIONING
MAGMA SERVICE AREA

APPLICATION

These rates are applicable to any customer using natural gas for air conditioning equipment, that is served primarily or entirely from the City's Magma gate stations and other distribution infrastructure located outside the corporate limits of the City of Mesa, when such service is supplied at one point of delivery and measured through one meter for the billing of utilities for the billing cycles ended on or after ~~July 31, 2014~~ **July 30, 2015** for usage occurring on and subsequent to the date on which those same billing cycles started.

Not applicable to temporary, breakdown, standby, supplementary or resale service.

Rate: For billing cycles May through October
~~$36.99~~ **$38.28** Service Charge, plus
$0.2676 per Billed Therm, all Billed Therms

For billing cycles November through April
~~$48.92~~ **$50.21** Service Charge, plus
$0.7061 per Billed Therm, first 1,200 Billed Therms, and
$0.5648 per Billed Therm, all additional Billed Therms

A per Billed Therm Gas Cost shall be included in all bills. See Adjustment 1 below.

HIGH PRESSURE GAS SERVICE

An additional charge of ~~$18.71~~ **$19.36** per billing cycle will be made for each meter being supplied with a higher than normal pressure. This charge will be made regardless of the quantity of gas consumed in the month.

ADJUSTMENTS

1. **A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.** ~~Subject to adjustments, based on the cost to the City's gas operations for the price of gas purchased, as shown on the Tariff Adjustments sheet.~~

2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units).

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities.

COGENERATION GAS SERVICE
MAGMA SERVICE AREA

APPLICATION

These rates are applicable to any nonresidential customer served primarily or entirely from the City's Magma gate stations and other distribution infrastructure located outside the corporate limits of the City of Mesa using the City's natural gas service for Cogeneration or On-Site Generation, for the billing of utilities for the billing cycles ended on or after ~~July 31, 2014~~ **July 30, 2015** for usage occurring on and subsequent to the date on which those same billing cycles started. The electricity that is required by a given facility is produced onsite by natural gas fueled engines, fuel cells, or turbines with the capability of supplementing the local electric utility's supply and/or recovering the equipment's heat of rejection for space conditioning and/or process uses.

MONTHLY BILLING CYCLE

Rate: ~~$571.64~~ **$572.93** Service Charge, plus
$0.1087 per Billed Therm, all Billed Therms

A per Billed Therm Gas Cost shall be included in all bills. See Adjustment 1 below.

HIGH PRESSURE GAS SERVICE

An additional charge of ~~$18.71~~ **$19.36** billing cycle will be made for each meter being supplied with a higher than normal pressure. This charge will be made regardless of the quantity of gas consumed in the month.

ADJUSTMENTS

1. **A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.** ~~Subject to adjustments, based on the cost to the City's gas operations for the price of gas purchased, as shown on the Tariff Adjustments sheet.~~

2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units).

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities.

LARGE GENERAL GAS SERVICE
MAGMA SERVICE AREA

APPLICATION

This rate is applicable to any nonresidential customer using the City's natural gas service for any purpose, provided the customer's premises are designated by the City as suitable for service hereunder; and which: (i) is served primarily or entirely from the City's Magma gate stations and other distribution infrastructure located outside the corporate limits of the City of Mesa; (ii) if an existing customer, has average monthly billed usage in the last twelve (12) months of equal to or greater than six thousand seven hundred (6,700) Billed Therms, or if a new customer or a customer with less than twelve (12) months of billing history, has anticipated average monthly billed usage in the next twelve (12) months of equal to or greater than six thousand seven hundred (6,700) Billed Therms; and (iii) is supplied at one point of delivery and measured through one meter, for the billing of utilities for the billing cycles ended on or after ~~July 31, 2014~~ **July 30, 2015** for usage occurring on and subsequent to the date on which those same billing cycles started.

Not applicable to temporary, breakdown, standby, supplementary or resale service.

MONTHLY BILLING CYCLE

Service Charge: ~~$1,142.09~~ **$1,143.38** per billing cycle

Rate: $0.3511 per Billed Therm, for all Billed Therms

A per Billed Therm Gas Cost shall be included in all bills. See Adjustment 1 below.

HIGH PRESSURE SERVICE

An additional charge of ~~$18.71~~ **$19.36** per billing cycle will be made for each meter being supplied with a higher than normal pressure. This charge will be made regardless of the quantity of gas consumed in the month.

ADJUSTMENTS

1. **A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.** ~~Subject to adjustments, based on the cost to the City's gas operations for the price of gas purchased, as shown on the Tariff Adjustments sheet.~~

2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units).

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities.

GAS LINE ~~EXTENTION~~ **EXTENSION** AGREEMENT

Prior to construction of any incremental delivery infrastructure, the City may require that the customer execute a contract which may include commitments from the Customer, including but not limited to, service requirements and consumption. This contract may require the payment by customer, prior to construction, of some or all of the infrastructure extension costs in accordance with the Mesa City Code.

SUBSTITUTION OF RATE

The customer may transfer to another rate for which such customer is and remains qualified after any period of 12 months or more of continuous service hereunder. Each such transfer shall be effective with the first regular meter reading date following the written request for, and confirmation by the City of qualification for, such transfer.

INTERFERING EQUIPMENT

Whenever any of the customer's utilization equipment has characteristics that will cause interference with service to any other customer or interfere with proper metering, suitable facilities shall be provided at the customer's expense to preclude such interference.

SEASONAL GAS SERVICE
MAGMA SERVICE AREA

APPLICATION

These rates are applicable from May 1 through October 31 to all gas service required for agricultural production, processing and dehydration (not including agricultural irrigation) for the billing of gas served primarily or entirely from the City's Magma gate stations and other distribution infrastructure located outside the corporate limits of the City of Mesa, supplied at one point of delivery and measured through one meter, for the billing cycles ended on or after ~~July 31, 2014~~ **July 30, 2015** for usage occurring on and subsequent to the date on which those same billing cycles started. From November 1 to April 30, Schedule GM3.1 shall be applicable to all such service. Not applicable to temporary, breakdown, standby, supplementary or resale service.

MONTHLY BILLING CYCLE

Rate: For billing cycles May through October
~~$36.99~~ **$38.28** Service Charge, plus
$0.2676 per Billed Therm, all Billed Therms

For billing cycles November through April
~~$48.92~~ **$50.21** Service Charge, plus
$0.7061 per Billed Therm, first 1,200 Billed Therms and
$0.5648 per Billed Therm, all additional Billed Therms

A per Billed Therm Gas Cost shall be included in all bills. See Adjustment 1 below.

HIGH PRESSURE GAS SERVICE

An additional charge of ~~$18.71~~ **$19.36** per billing cycle will be made for each meter being supplied with a higher than normal pressure.

ADJUSTMENTS

1. **A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.** ~~Subject to adjustments, based on the cost to the City's gas operations for the price of gas purchased, as shown on the Tariff Adjustments sheet.~~

2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units).

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities.

GENERAL SERVICE COMPRESSED NATURAL GAS SERVICE
MAGMA SERVICE AREA

APPLICATION

These rates are applicable to gas service to any non-residential customer served primarily or entirely from the City's Magma gate stations and other distribution infrastructure located outside the corporate limits of the City of Mesa using natural gas for the sole purpose of compressing natural gas for use as a fuel in vehicular internal combustion engines for the billing of utilities for the billing cycles ended on or after ~~July 31, 2014~~ **July 30, 2015** for service provided on and subsequent to the date on which those same billing cycles started.

Service under these schedules shall be through one or more meters at the option of the City's Energy Resources Department, provided they are located at the same premise. Service for any end use of gas other than compression of natural gas for vehicle use, such as space heating, water heating, processing or boiler fuel use, is not permitted under these schedules nor through the meter(s) through which service under these schedules is provided.

MONTHLY BILLING CYCLE

Rate: For billing cycles May through October
~~$36.99~~ **$38.28** Service Charge, plus
$0.1087 per Billed Therm Usage Charge, all Billed Therms

For billing cycles November through April
~~$48.92~~ **$50.21** Service Charge, plus
$0.1087 per Billed Therm Usage Charge, all Billed Therms

A per Billed Therm Gas Cost shall be included in all bills. See Adjustment 1 below.

HIGH PRESSURE GAS SERVICE

An additional charge of ~~$18.71~~ **$19.36** per billing cycle will be made for each meter being supplied with a higher than normal pressure.

ADJUSTMENTS

1. **A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.** ~~Subject to adjustments, based on the cost to the City's gas operations for the price of gas purchased, as shown on the Tariff Adjustments sheet.~~
2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units).

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities.

IRRIGATION PUMPING GAS SERVICE
MAGMA SERVICE AREA

APPLICATION

These rates are applicable from May 1 through October 31 to all gas service served primarily or entirely from the City's Magma gate stations and other distribution infrastructure located outside the corporate limits of the City of Mesa required for agricultural irrigation, for the billing cycles ended on or after ~~July 31, 2014~~ **July 30, 2015** for usage occurring on and subsequent to the date on which those same billing cycles started. From November 1 through April 30, Schedule GM3.1 General Gas Service shall be applicable to all such service.

MONTHLY BILLING CYCLE

Rate: For billing cycles May through October
~~$36.99~~ **$38.28** Service Charge, plus
$0.2676 per Billed Therm, all Billed Therms

For billing cycles November through April
~~$48.92~~ **$50.21** Service Charge, plus
$0.7061 per Billed Therm, first 1,200 Billed Therms and
$0.5648 per Billed Therm, all additional Billed Therms

A per Billed Therm Gas Cost shall be included in all bills. See Adjustment 1 below.

HIGH PRESSURE GAS SERVICE

An additional charge of ~~$18.71~~ **$19.36** per billing cycle will be made for each meter being supplied with a higher than normal pressure. This charge will be made regardless of the quantity of gas consumed in the month.

ADJUSTMENTS

1. **A Purchased Natural Gas Cost Adjustment Factor ("PNGCAF") shall be added to all bills based on the cost of purchased natural gas and its delivery to the City's gas utility, as shown on the Tariff Adjustments sheet.** ~~Subject to adjustments, based on the cost to the City's gas operations for the price of gas purchased, as shown on the Tariff Adjustments sheet.~~

2. Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

THERM DEFINED

"Therm" - that amount of gas having a heating value of 100,000 BTU (British Thermal Units.

TERMS AND CONDITIONS

See Terms and Conditions for the Sale of Utilities.

TRANSPORTATION GAS SERVICE
MAGMA SERVICE AREA

APPLICATION

This rate is applicable to any Customer served primarily or entirely from the City's Magma gate stations and other distribution infrastructure located outside the corporate limits of the City of Mesa and meeting the qualifications listed in the "Customer Eligibility" section of this Schedule and subject to the following:

- The Customer shall enter into a Natural Gas Transportation Agreement ("Agreement") specified by the City.
- The Customer has arranged for delivery of natural gas to and receipt of gas from City's Magma distribution system (the "Magma System").
- City reserves the right to deny transportation service if, in its sole discretion, (1) adequate capacity is not available in the existing Magma System to provide the service, (2) such service would adversely affect City's Magma System full-requirements sales customers, or (3) such service would pose a hazard to public safety.
- Natural gas transported by the City under this Schedule shall be for the Customer's direct use only.

CUSTOMER ELIGIBILITY

A Customer is eligible to receive natural gas transportation service under this Transportation Gas Service Schedule for the Magma Service Area provided that the following conditions are satisfied:

1) The Customer's average monthly consumption at one of the customer's metered points of delivery as designated in the Agreement is not less than fifteen thousand (15,000) Therms.
2) The Customer's monthly load factor is not less than 0.7, as determined by dividing the total consumption of the lowest billed month by the total consumption of the highest billed month (within normal operating parameters). If the Customer is new to the City's Magma System, or if the Customer is altering its operations, the Customer shall provide sufficient evidence that future consumption will satisfy this requirement.
3) The Customer's hourly load factor is not less than 0.5, as determined by dividing the total consumption of the lowest billed hour by the total consumption of the highest billed hour (within normal operating parameters). If the Customer is new to the City's Magma System, or if the Customer is altering its operations, the Customer shall provide sufficient evidence that future consumption will satisfy this requirement.
4) The Customer has demonstrated (by producing a signed contract with a natural gas supplier and natural gas pipeline transmission company) that the Customer has procured the appropriate natural gas supplies and transmission capabilities to meet the Customer's natural gas requirements. Such gas shall be of a quality and composition acceptable to the City and its upstream pipeline operators as described in the upstream pipeline operators' Gas Tariff as filed with and approved by the Federal Energy Regulatory Commission ("FERC").

Additional conditions may apply and be included in the Natural Gas Transportation Service Agreement. Failure to satisfy any of these conditions may result in the termination of transportation service at the City's discretion.

MAXIMUM DAILY DELIVERY QUANTITY

Customer and City shall agree to a Maximum Daily Delivery Quantity ("MDDQ") to be transported by City. Such MDDQ shall be specified in the Natural Gas Transportation Agreement. If Customer exceeds the MDDQ specified in the service agreement on any day with City's consent, these excess quantities shall be deemed to be an authorized overrun and shall be treated for billing purposes the same as regular transportation services.

Exceedance by Customer on any day of the MDDQ specified in the Agreement, for which City approval was not specifically requested and granted, shall be deemed an unauthorized overrun. The sales rate under Gas Schedule No. G3.6 and any adjustments thereto shall be applicable (including all gas costs specified on the Tariff Adjustment sheet) to all unauthorized overrun gas quantities, in addition to reimbursement by Customer of any imbalance or penalty charges otherwise imposed on or applicable to the City.

MONTHLY BILLING CYCLE

The Natural Gas Transportation Service rate shall apply to all gas transported during the billing cycle up to the contractual MDDQ multiplied by the number of days in the billing cycle.

Monthly Billing Cycle Transportation Service Charge: ~~$1,142.09~~ **$1,143.38**

Monthly Billing Cycle Transportation Charge (per delivery point meter)

Flow Rate: $0.3585 per Billed Therm Transportation Charge

In addition, the Customer shall be responsible for any other costs as specified in the Agreement. The minimum charge per month shall be the Monthly Billing Cycle Transportation Service Charge, plus all adjustments set forth herein.

ADJUSTMENTS

Taxes and Impositions. The applicable proportionate part of any taxes or governmental impositions that are assessed on the basis of the gross revenues of the City and/or the price or revenue from the gas or service sold and/or the volume of gas generated or purchased for sale and/or sold hereunder shall be added to each utility bill.

Subsequent events. If any sales, excise, or other new or additional taxes, licenses, or fees are hereafter imposed against the City related to services rendered to Customer, such as tax or taxes (licenses or fees) are to be reimbursed by Customer to City.

Balancing and Cash-Out. An imbalance is the amount by which receipts into City's Magma System for Customer's account differ from deliveries to Customer. A "Monthly Imbalance Percentage" is the amount stated as a percentage derived by dividing the monthly imbalance by the total gas quantities delivered to Customer in a given month. Customer shall use all reasonable efforts to conform its actual usage to its nominated, confirmed, and allocated daily volumes on each day throughout the course of each month, to minimize daily and monthly imbalances between nominations and actual usage. Customers will be assessed excess imbalance charges if the Monthly Imbalance Percentage exceeds five percent (5%). In addition to the charges payable under this Schedule and the customer's otherwise applicable rate Schedule, any monthly excess imbalance quantity shall be billed as follows:

(a) Positive Excess Imbalance: When the sum of the Customer's scheduled transportation quantity for a month (plus any authorized overrun) exceeds the Customer's metered quantity for the same month, such excess gas quantity shall be retained by the City and no unit transportation usage charges shall apply to such excess gas. For each Therm by which the scheduled quantity exceeds the metered quantity, up to five percent (5%) of the scheduled quantity shall be credited on the customer's billing statement in the amount of seventy five percent (75%) of the Monthly System Cash-Out Index Price for the appropriate month posted by El Paso Natural Gas. Amounts by which the scheduled quantity exceeds the metered quantity in excess of five (5%) shall be not be credited to customer.

(b) Negative Excess Imbalance: When the sum of the Customer's scheduled transportation quantity for a month (plus any authorized overrun) is less than the Customer's metered quantity for a month, the shortfall imbalance in an amount of up to five percent (5%) of the scheduled quantity shall be made up by the customer the following month within the first ten (10) calendar days of such month. Any shortfall imbalance quantity exceeding five percent (5%) of the scheduled quantity shall be billed at one and one-half (1 ½) times the rate (in $/Therm) under Gas Schedule No. GM3.6 including all gas cost adjustments.

Imbalance Or Other Penalties Assessed On City._If Customer's inability to balance its actual usage with its nominated, confirmed, and allocated daily volumes causes City to incur any penalties or increased costs, including, but not limited to, Critical or Strained Operating Condition penalties, overrun charges or penalties, unauthorized overpull penalties, additional gas purchases from gas merchants, or cash-outs at a price adverse to City, City shall pass through to Customer, and Customer shall pay City, for all such penalties or increased costs.

PROVISIONS FOR FUEL AND LOSSES

City will transport the quantity of gas tendered by Customer to City less a percentage specified in the Agreement by the City to recover any fuel and line losses associated with transportation of Customer's natural gas. Transportation charges shall apply to all gas quantities tendered by Customer to City for transportation, including quantities specified for fuel and losses.

POINT OF RECEIPT

Gas received by the City for transportation hereunder shall be tendered at the outlet of El Paso Natural Gas Company's meter(s) (or other interstate natural gas transmission pipeline) at City's Magma System gate meter station(s) which interconnect the City's System with that of El Paso Natural Gas Company (or other interstate natural gas transmission pipeline).

POINT OF DELIVERY

All gas transported to Customer by City hereunder shall be delivered at outlet of the Customer's meter ("Delivery Point"). Customer must specify what proportion of the supplied gas is to be transported to each Delivery Point.

RECEIPT POINT PRESSURE

Gas received by the City for transportation hereunder shall be received at a pressure sufficient to allow gas to enter the City's Magma System but not in excess of the maximum pressures specified in City's service agreement with El Paso Natural Gas Company (or other interstate natural gas transmission pipeline). City shall not be required to compress into its System or facilities gas received by City under this Schedule, to lower its system operating pressure, to alter the direction of gas flow and/or the gas load or other operation or utilization of its System, or otherwise to change its normal distribution operations in order to receive and transport gas hereunder.

DELIVERY POINT PRESSURE

City shall deliver gas at each Delivery Point designated in the Agreement at such pressures as are available from time to time.

SCHEDULING AND NOMINATION INFORMATION

NAESB guidelines applicable to El Paso Natural Gas Company (or other interstate natural gas transmission pipeline) will be followed regarding nominating, confirming and scheduling gas receipts and deliveries, as they may be revised by the FERC from time to time. The Customer shall be responsible for directly contacting the City or its designee (collectively the "City") and the upstream interstate natural gas transmission pipeline(s) to arrange for the nominating and scheduling of receipts and deliveries hereunder, provided, however, that the Customer may designate one party to serve as its Agent for such purpose (collectively the "Customer"). The City and upstream interstate natural gas transmission pipeline(s) require that specific information be provided to successfully process each nomination. It is Customer's responsibility to satisfy the information requirements of both the City and the upstream interstate natural gas transmission pipeline(s).

LIMITATION ON TRANSPORTATION OBLIGATIONS

Customer's day to day gas quantities are to be consumed and supplied at approximately a uniform rate. On any operating day, the City may refuse to accept quantities of gas that result in fluctuations in excess of twenty percent (20%) from the volumes transported during the previous operating day. Fluctuations in excess of twenty percent (20%) shall only be allowed if prior approval has been obtained from the City (or its designee). If not approved, the fluctuations shall be considered excess imbalances and be charged to the Customer as such.

OPERATIONAL FLOW ORDERS

Customer shall voluntarily change its nomination upon twenty-four (24) hours' notice by City or its designee. If the Customer fails to respond to City's request voluntarily, City (or its designee) may issue an Operational Flow Order (OFO) at the end of the twenty-four (24) hour period. Such OFO shall establish Customer's nomination on City's system. All quantities tendered to and/or taken from City on a daily basis in violation of City's OFO shall constitute unauthorized receipts or deliveries for which a charge of three (3) times the rate under Gas Schedule No. GM3.6 shall be assessed for each Therm tendered to and/or taken from City on a daily basis in violation of City's OFO. Customer shall be exempt from cash-out for imbalance quantities that result from complying with City's OFO request(s) issued under this section.

CURTAILMENT OF SERVICE

City (or its designee) shall use all reasonable efforts to provide transportation service to Customer. However, City (or its designee) shall curtail service to Customer on a pro-rata basis as necessary to assure continued service to all of City's customers or to meet a system emergency. City gas deliveries to Customer hereunder shall be subject to curtailment or interruption in whole or in part upon thirty (30) minutes notice, if practicable, by telephone or otherwise by City. During a period of curtailment, the City may, to the extent practicable, continue to accept delivery of Customer's gas and attempt to redeliver such gas at the Delivery Point(s).

QUALITY OF GAS

All gas tendered to City shall meet all applicable specifications set out in Section 5 of the General Terms and Conditions (or successor provisions) of El Paso Natural Gas Company's (or other interstate natural gas transmission pipeline) FERC Gas Tariff.

WARRANTY OF TITLE AND INDEMNIFICATION

Title to all gas transported hereunder will at all times remain with the Customer. Customer shall warrant that it shall have good title to all gas transported under this Schedule, and Customer shall agree to fully defend, protect, indemnify, and hold harmless City (or its designee) from and against any claim, demand, cost (including attorney fees and court costs), liability, injury, damage, or judgment made or asserted against City (or its designee) resulting from any dispute regarding title to Customer's gas.

Prior to Customer's tender of Gas to City at the Point of Receipt, as between Customer and City, Customer shall be deemed to be in control and possession of the Gas transported under this Schedule. After City (or its designee) has received Customer's Gas at the Point of Receipt, City (or its designee) will be deemed in possession and control of Customer's Gas until City (or its designee) tenders the Gas to Customer at the Point of Delivery. Upon City's (or its designee) delivery of gas to Customer at the Delivery Point, Customer shall be deemed to be in possession and control of the gas.

When the gas is in the control and possession of a Party, such possessing Party agrees to fully defend, protect, indemnify, and hold harmless the non-possessing Party, its agents, employees, subcontractors, and persons for whom the non-possessing Party is responsible, from and against any claim, demand, cost (including attorney fees and court costs), liability (including strict liability), injury, damage, or judgment made or asserted against such non-possessing Party, its agents, employees, and subcontractors, resulting from damage, loss of whatever kind or character arising out of or in connection with the operation of facilities or the handling of gas by the possessing Party, its agents, employees, subcontractors, and persons for whom the possessing Party is responsible in connection with the performance under this Schedule. Such indemnification shall exclude damage or losses caused by the sole negligence or fault of the non-possessing Party, its agents, employees, and subcontractors.

CONSTRUCTION, INSTALLATION, AND MAINTENANCE OF FACILITIES

City shall install, at Customer's expense, all necessary equipment to transport gas, including, but not limited to, pipelines, meters, regulators, and electronic flow measurement and telemetry (EFM) equipment, which will permit continuous monitoring of Customer's usage. Customer shall provide a physical location of land suitable to locate the necessary metering and regulating equipment. All such equipment shall be owned, operated and maintained by City.

Customer also shall supply, at its own expense, an electric supply and telephone line, if applicable, as well as a site suitable on which to locate the EFM equipment, to accommodate EFM data transmission to City. City shall provide Customer with access to the EFM data generated by City's equipment at Customer's request and expense. City shall own, operate and maintain all EFM equipment.

Customer shall also be responsible for all costs associated with any distribution infrastructure or upstream infrastructure costs required to provide transportation service to the Customer and which City can demonstrate are a result of the customer's transportation service. All such facilities shall be installed and owned by the City.

OTHER TERMS AND CONDITIONS

Service hereunder is subject to City's Terms and Conditions for the Sale of Utilities.