



**SOUTHWEST GAS CORPORATION**

**NOTICE OF  
PIPELINE SAFETY IMPLEMENTATION PLAN  
and  
EVIDENTIARY HEARINGS  
RULEMAKING 11-02-019**

On August 26, 2011, Southwest Gas Corporation filed with the California Public Utilities Commission (CPUC) their Natural Gas Transmission Pipeline Comprehensive Pressure Testing Implementation Plan (Implementation Plan) to replace or pressure test all their natural gas transmission pipelines that do not have sufficient documentation of pressure testing readily available. The CPUC ordered in Decision (D.) 11-06-017, dated June 9, 2011, that all California natural gas transmission pipeline operators prepare and submit their Implementation Plans for testing or replacing all transmission pipelines. At the completion of the implementation period, all California natural gas transmission pipeline segments must be (1) pressure tested, (2) have traceable, verifiable, and complete records readily available, and (3) where warranted, be capable of accommodating in-line inspection devices.

**EVIDENTIARY HEARINGS**

The CPUC will hold Evidentiary Hearings (EHs) whereby parties of record provide testimony and are subject to cross-examination before a CPUC Administrative Law Judge (ALJ). These hearings are open to the public, but only those who are formal parties of record can participate. The CPUC has its own court reporters who will record the comments of those formal parties of record participating in the EHs. The Division of Ratepayer Advocates (DRA) is an independent arm of the CPUC, created by the Legislature to represent the interests of all utility customers throughout the state to obtain the lowest possible rates for service consistent with reliable and safe service levels.

DRA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. After considering all proposals and evidence presented during the formal hearing process, the assigned ALJ will issue a proposed draft decision. When the CPUC issues a final decision on the Implementation Plan, it may adopt, amend or modify all or part of the ALJ's proposed decision as written. The CPUC's decision may be different than Southwest Gas' formal request. **The EHs will be held on November 7 through 10 and on November 14 at the CPUC's Headquarter Offices located at 505 Van Ness Avenue, San Francisco, California 94102.**

If you would like additional information or would like to attend these hearings, you can contact the Public Advisor's Office. You may also send your comments to the Public Advisors' address, 320 West 4th St., Ste. 500, Los Angeles, California 90013 or send an e-mail to: [public.advisor.la@cpuc.ca.gov](mailto:public.advisor.la@cpuc.ca.gov). Any correspondence received will become part of the formal file in this rulemaking. Please reference Rulemaking 11-02-019 in any correspondence.



The CPUC opened this Rulemaking on February 24, 2011, to adopt new safety and reliability regulations for natural gas transmission and distribution pipelines and related ratemaking mechanisms. The Rulemaking is a forward-looking effort to establish a new model of natural gas pipeline safety regulations for all pipelines in California. Southwest Gas has approximately 15.4 miles of transmission lines located in its southern California jurisdiction that will be affected by the new regulations. Southwest Gas has no transmission lines in its northern California jurisdiction. Southwest Gas has developed its Implementation Plan as directed by the CPUC focusing first on pipeline segments located in populated areas, with pipeline segments in other locations given lower priority for pressure testing or replacement.

### **ESTIMATED IMPACT OF THIS REQUEST ON GAS RATES**

Southwest Gas' Implementation Plan includes: the replacement of natural gas pipelines; interim safety enhancement measures; and consideration of retrofitting pipelines for in-line inspection tools and where appropriate, improved shut off valves. Southwest Gas proposed to establish a deferred regulatory asset account to track costs associated with the Implementation Plan and will request recovery of the total expenses associated with these gas distribution and transmission pipeline upgrades in its next general rate case, which is expected to be filed in late 2012, with any increases to be effective January 1, 2014. The actual monthly bill impacts will be determined as part of the future rate case proceeding. Illustrative monthly bill impacts for each customer class are shown in the table below.

Customer Class	Rate Schedule	Bill Impact
Residential, Primary	GS-10	\$0.72
Residential, Secondary	GS-15	\$0.56
Core General	GS-35/40	\$4.18
Motor Vehicle	GS-50	\$136.21
Internal Combustion Engine	GS-60	\$26.82
Noncore General	GS-70	\$473.58
Multifamily Master Metered	GS-20/25	\$27.87

### **FOR FURTHER INFORMATION**

You may request additional information by writing to: Christy Berger, Southwest Gas Corporation, P.O. Box 98510, Las Vegas, Nevada 89193-8510. Southwest Gas' Implementation Plan and attachments may also be inspected, including other specific information regarding this Rulemaking and D.11-06-017, at the CPUC, 505 Van Ness Avenue, San Francisco, California 94102, Monday–Friday, 8 a.m.–noon, and on the CPUC's website at <http://www.cpuc.ca.gov>. A copy may also be obtained from Southwest Gas at 1-877-860-6020, or by e-mail request to [SWGASStateRegulatoryAffairs@swgas.com](mailto:SWGASStateRegulatoryAffairs@swgas.com).