

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 13, 2010

Advice Letter 832

Don Soderberg, Vice-President/Pricing
Southwest Gas Corporation
P O Box 98510
Las Vegas, NV 89193-8510

**Subject: To Update the Tax Factor in Southwest's ITCCA
(Preliminary Statement)**

Dear Mr. Soderberg:

Advice Letter 832 is effective January 1, 2010.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division



SOUTHWEST GAS CORPORATION

Donald L. Soderberg, Vice President/Pricing

December 2, 2009

Attention: Julie Fitch, Director
California Public Utilities Commission
Energy Division
505 Van Ness Avenue, Room 4004
San Francisco, CA 94102

Subject: Southwest Gas Corporation (U 905 G)
Advice Letter No. 832

Dear Ms. Fitch:

Enclosed herewith are five (5) copies of Southwest Gas Corporation's Advice Letter No. 832, together with California Gas Tariff Sheet Nos. 7024-G through 7025-G.

Sincerely,

Donald L. Soderberg

Donald L. Soderberg

DLS:kt
Enclosures



SOUTHWEST GAS CORPORATION

Advice Letter No. 832

December 2, 2009

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Southwest Gas Corporation (Southwest) (U 905 G) tenders herewith for filing the following tariff sheets:

California Gas Tariff

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
7024-G	Preliminary Statements (<i>Continued</i>)	6859-G
7025-G	Table of Contents	7011-G

Purpose

The purpose of this filing is to adjust the tax factors reflected in the Preliminary Statements of Southwest's California Gas Tariff to recover the cost of Federal Income Taxes applicable to customer-contributed facilities pursuant to Ordering Paragraph 7 of Decision (D.) 87-09-026 issued in Order Instituting Investigation 86-11-019.

D.87-09-026 directs utilities to submit to the California Public Utilities Commission (Commission) an Advice Letter filing to reflect any changes in the tax factor which would cause an increase or decrease of five percentage points or more. As such, Southwest is revising its tax factor to reflect the recent change in the Federal Depreciation Provisions of the Internal Revenue Code (IRC), pursuant to American Recovery and Reinvestment Act of 2009 ("Act", H.R. 1) signed by the President on February 17, 2009. This provision, which provides an additional depreciation allowance, will expire on December 31, 2009. Therefore, Southwest's tax factor will increase from 20 percent to 31 percent, effective January 1, 2010.

Effective Date

Southwest believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 1 (effective pending disposition) pursuant to General Order 96-B. Southwest respectfully requests the changes proposed herein are approved with an effective date January 1, 2010, to coincide with the effective date of this provision in the Act.

Protest

Anyone wishing to protest this filing may do so by sending a letter within 20 days of the filing. The protest should set forth the grounds upon which it is based and should be submitted expeditiously. There is no restriction on who may file a protest. Protests should be mailed or faxed to:

Investigation, Monitoring & Compliance Program Manager
California Public Utilities Commission, Energy Division
505 Van Ness Avenue, Room 4002
San Francisco, CA 94102
Facsimile: 415-703-2200



Advice Letter No. 832
Page 2
December 2, 2009

Copies should also be mailed to the attention of Director, Energy Division, Room 4004 at the same address as above, and mailed or faxed to:

Mr. John P. Hester, Senior Vice President
Regulatory Affairs and Energy Resources
Southwest Gas Corporation
P.O. Box 98510
Las Vegas, Nevada 89193-8510
Facsimile: 702-876-7037

Notice

In accordance with General Rule 4.3 in General Order 96-B, Southwest is mailing copies of the Advice Letter and related tariff sheets to the utilities and interested parties shown on the attached list.

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By Edward B. Buehler (for)
Donald L. Soderberg

Attachments

DISTRIBUTION LIST

Advice Letter No. 832

In Conformance with General Order 96-B, General Rule 4.3

Southern California Edison Company

Pacific Gas & Electric Company

Sierra Pacific Power Company

San Diego Gas & Electric Company

Southern California Gas Company

Southern California Water Company

Duane Morris, LLP

Director/Division of Ratepayer Advocates

PRELIMINARY STATEMENTS
(Continued)

13. INCOME TAX COMPONENT OF CONTRIBUTIONS AND ADVANCES (Continued)

13C. APPLICABILITY

Income tax shall be collected on Contributions and Advances under the Company's California Gas Tariff, including but not limited to Rule Nos. 13, 15 and 16.

A Public Benefit Exemption may apply on a Contribution or Advance made to the Utility by a government agency on the basis of either:

1. The Contribution or Advance is made pursuant to actual condemnation or the threat thereof as recognized by Internal Revenue Code Section 1033; or
2. The Contribution or Advance does not reasonably relate to the provision of service, but rather to the benefit of the public at large.

13D. DETERMINATION

The Income Tax Component of Contributions and Advances shall be calculated by multiplying the balance of the applicant's Contributions and Advances by the tax factor of 31% beginning January 1, 2010, and thereafter.

The Company will submit to the Commission an advice letter filing to reflect any changes in the tax factor which would cause an increase or decrease of 5 percentage points or more.

The tax factor is established by using Method 5 as set forth in Decision Nos. 87-09-026 and 87-12-028 in Order Instituting Investigation 86-11-019.

The tax factors in Section 13D shall apply to all Contributions and Advances in accordance with Section D.6 of Rule No. 15, Gas Main Extensions, and Section E.4. of Rule No. 16, Gas Service Extensions.

TABLE OF CONTENTS

The following listed sheets contain all the effective rates and rules affecting rates and service and information relating thereto in effect on and after the date indicated thereon.

<u>TITLE</u>	<u>CAL. P.U.C. SHEET NO.</u>
Title Page	6733-G
Table of Contents (<i>Continued</i>)	7025-G
Table of Contents (<i>Continued</i>)	6822-G
Table of Contents (<i>Continued</i>)	6992-G
Table of Contents (<i>Continued</i>)	6929-G
Table of Contents (<i>Continued</i>)	6993-G
Table of Contents (<i>Continued</i>)	7006-G
Table of Contents (<i>Continued</i>)	7007-G
Table of Contents (<i>Continued</i>)	7008-G
Table of Contents (<i>Continued</i>)	7009-G
Table of Contents (<i>Continued</i>)	7010-G
Table of Contents (<i>Continued</i>)	6930-G
Table of Contents (<i>Continued</i>)	6517-G
Preliminary Statements	6734-G
Preliminary Statements (<i>Continued</i>)	6735-G
Preliminary Statements (<i>Continued</i>)	6736-G
Preliminary Statements (<i>Continued</i>)	5780-G
Preliminary Statements (<i>Continued</i>)	6737-G
Preliminary Statements (<i>Continued</i>)	6738-G
Preliminary Statements (<i>Continued</i>)	6739-G
Preliminary Statements (<i>Continued</i>)	6740-G
Preliminary Statements (<i>Continued</i>)	6741-G
Preliminary Statements (<i>Continued</i>)	4221-G
Preliminary Statements (<i>Continued</i>)	6742-G
Preliminary Statements (<i>Continued</i>)	6858-G
Preliminary Statements (<i>Continued</i>)	7024-G
Preliminary Statements (<i>Continued</i>)	5368-G
Preliminary Statements (<i>Continued</i>)	6744-G
Preliminary Statements (<i>Continued</i>)	5370-G
Preliminary Statements (<i>Continued</i>)	5371-G
Preliminary Statements (<i>Continued</i>)	6217-G-A
Preliminary Statements (<i>Continued</i>)	6745-G
Preliminary Statements (<i>Continued</i>)	6746-G
Preliminary Statements (<i>Continued</i>)	6747-G
Preliminary Statements (<i>Continued</i>)	6748-G
Preliminary Statements (<i>Continued</i>)	6749-G

SOUTHWEST GAS CORPORATION
Attachment to Advice Letter No. 832
Effective Period 01/01/2010
CALIFORNIA GROSS-UP COMPUTATION INCLUDING CALIFORNIA INCOME TAXES
***WITH REGULAR MACRS DEPRECIATION ON 15 YEAR PROPERTY**
CPUC DECISION 87-09-026

Year	Tax Pmt/(Ben) Reflecting CIAC of \$1000 (b)	Tax Basis (c)	California Depreciation Rates (d)	California Rates (e)	State Tax Benefit (f)	MACRS 15-Year Tax Depreciation Rate[1] (g)	Federal Tax Rate (h)	Federal Tax Benefit (i)	Remaining CIAC Payable (j)	Wtd Avg Unrecovered Tax Payment (k)	Rate of Return (l)	Revenue Requirement on Remaining Investment (m)	Discount Factor 12.00% (n)	Discounted Revenue Requirement on Remaining Investment (o)
1	438.40	1,000	2.857%	8.840%	2,5266	5.000%	35.00%	17,5000	418,3744	428,3872	17.00%	72,8258	0.8929	65,0231
2	(30.94)		5.551%		4,9071	9.500%		32,3660	350,1613	394,2679	17.00%	65,3255	0.7972	52,0771
3			5.234%		4,6269	8.550%		28,2075	317,3269	333,7441	17.00%	56,7365	0.7118	40,3939
4			4.935%		4,3625	7.700%		25,3306	287,6338	302,4804	17.00%	51,4217	0.6355	32,6794
5			4.653%		4,1133	6.930%		22,7281	260,7924	274,2131	17.00%	46,6162	0.5674	26,4513
6			4.387%		3,8781	6.230%		20,3654	236,5490	248,6707	17.00%	42,2740	0.5086	21,4173
7			4.137%		3,6571	5.900%		19,2927	213,5992	225,0741	17.00%	38,2626	0.4523	17,3081
8			3.901%		3,4485	5.900%		19,3700	190,7807	202,1900	17.00%	34,3723	0.4039	13,8824
9			3.678%		3,2514	5.910%		19,4780	168,0513	179,4160	17.00%	30,5007	0.3606	10,9989
10			3.468%		3,0657	5.900%		19,5120	145,4736	156,7625	17.00%	26,6496	0.3220	8,5805
11			3.270%		2,8907	5.910%		19,6120	122,9709	134,2222	17.00%	22,8178	0.2875	6,5596
12			3.084%		2,7263	5.900%		19,6383	100,6064	111,7886	17.00%	19,0041	0.2567	4,8779
13			2.908%		2,5707	5.910%		19,7308	78,3049	89,4556	17.00%	15,2075	0.2292	3,4852
14			2.742%		2,4239	5.900%		19,7503	56,1307	67,2178	17.00%	11,4270	0.2046	2,3382
15			2.585%		2,2851	5.910%		19,8366	34,0089	45,0698	17.00%	7,6619	0.1827	1,3998
16			2.438%		2,1552	2.950%		9,5252	22,3285	28,1687	17.00%	4,7887	0.1631	0,7811
17			2.299%		2,0323			(0.7543)	21,0506	21,6895	17.00%	3,6872	0.1456	0,5370
18			2.168%		1,9165			(0.7113)	19,8453	20,4479	17.00%	3,4762	0.1300	0,4520
19			2.040%		1,8034			(0.6708)	18,7128	19,2791	17.00%	3,2774	0.1161	0,3805
20			2.040%		1,8034			(0.6312)	17,5406	18,1267	17.00%	3,0815	0.1037	0,3195
21			2.040%		1,8034			(0.6312)	16,3684	16,9545	17.00%	2,8823	0.0926	0,2668
22			2.040%		1,8034			(0.6312)	15,1962	15,7823	17.00%	2,6830	0.0826	0,2217
23			2.040%		1,8034			(0.6312)	14,0240	14,6101	17.00%	2,4837	0.0738	0,1833
24			2.040%		1,8034			(0.6312)	12,8518	13,4379	17.00%	2,2844	0.0659	0,1505
25			2.040%		1,8034			(0.6312)	11,6797	12,2658	17.00%	2,0852	0.0588	0,1227
26			2.040%		1,8034			(0.6312)	10,5075	11,0936	17.00%	1,8859	0.0525	0,0990
27			2.040%		1,8034			(0.6312)	9,3353	9,9214	17.00%	1,6866	0.0469	0,0791
28			2.040%		1,8034			(0.6312)	8,1631	8,7492	17.00%	1,4874	0.0419	0,0623
29			2.040%		1,8034			(0.6312)	6,9909	7,5770	17.00%	1,2881	0.0374	0,0482
30			2.040%		1,8034			(0.6312)	5,8187	6,4048	17.00%	1,0888	0.0334	0,0363
31			2.040%		1,8034			(0.6312)	4,6466	5,2327	17.00%	0,8896	0.0298	0,0265
32			2.040%		1,8034			(0.6312)	3,4744	4,0605	17.00%	0,6903	0.0266	0,0184
33			2.040%		1,8034			(0.6312)	2,3022	2,8883	17.00%	0,4910	0.0238	0,0117
34			2.040%		1,8034			(0.6312)	1,1300	1,7161	17.00%	0,2917	0.0212	0,0062
35			2.040%		1,8034			(0.6312)	(0.0422)	0,5439	17.00%	0,0925	0.0189	0,0018
36			1.025%		0,9061			(0.3171)	(0.3171)	(0.1588)	17.00%	(0.0270)	1.0000	(0.0005)
					88,4000	100,000%		319,0600		581,6672		581,6672		311,2395
					407,46	1,000.00		407,4600				311,2395	/ 1000	31.12%

*: Federal 50% bonus tax depreciation provided by the 2008 Economic Stimulus Plan expires on 12/31/2009.
American Recovery and Reinvestment Act of 2009
31%

American Recovery and Reinvestment Act of 2009

**DIVISION B—TAX, UNEMPLOYMENT, HEALTH,
STATE FISCAL RELIEF, AND OTHER PROVISIONS**

TITLE I—TAX PROVISIONS

SEC. 1201. SPECIAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED DURING 2009.

(a) EXTENSION OF SPECIAL ALLOWANCE.—

(1) IN GENERAL.—Paragraph (2) of section 168(k) is amended—

(A) by striking "January 1, 2010" and inserting "January 1, 2011", and

(B) by striking "January 1, 2009" each place it appears and inserting "January 1, 2010".

(2) CONFORMING AMENDMENTS.—

(A) The heading for subsection (k) of section 168 is amended by striking "JANUARY 1, 2009" and inserting "JANUARY 1, 2010".

(B) The heading for clause (ii) of section 168(k)(2)(B) is amended by striking "PRE-JANUARY 1, 2009" and inserting "PRE-JANUARY 1, 2010".

(C) Subparagraph (B) of section 168(l)(5) is amended by striking "January 1, 2009" and inserting "January 1, 2010".

(D) Subparagraph (C) of section 168(n)(2) is amended by striking "January 1, 2009" and inserting "January 1, 2010".

(E) Subparagraph (B) of section 1400N(d)(3) is amended by striking "January 1, 2009" and inserting "January 1, 2010".

(3) TECHNICAL AMENDMENTS.—

(A) Subparagraph (D) of section 168(k)(4) is amended—

(i) by striking "and" at the end of clause (i), (ii) by redesignating clause (ii) as clause (iii), and (iii) by inserting after clause (i) the following new clause: "(ii) 'April 1, 2008' shall be substituted for 'January 1, 2008' in subparagraph (A)(iii)(i) thereof, and".

(B) Subparagraph (A) of section 6211(b)(4) is amended by inserting "168(k)(4)," after "53(e)".

(b) EXTENSION OF ELECTION TO ACCELERATE THE AMT AND RESEARCH CREDITS IN LIEU OF BONUS DEPRECIATION.—

(1) IN GENERAL.—Section 168(k)(4) (relating to election to accelerate the AMT and research credits in lieu of bonus depreciation) is amended—

(A) by striking "2009" and inserting "2010" in subparagraph (D)(iii) (as redesignated by subsection (a)(3)), and

(B) by adding at the end the following new subparagraph:

"(H) SPECIAL RULES FOR EXTENSION PROPERTY.—

"(i) TAXPAYERS PREVIOUSLY ELECTING ACCELERATION.— In the case of a taxpayer who made the election under subparagraph (A) for its first taxable year ending after March 31, 2008—

"(I) the taxpayer may elect not to have this paragraph apply to extension property, but

"(II) if the taxpayer does not make the election under subclause (I), in applying this paragraph to the taxpayer a separate bonus depreciation amount, maximum amount, and maximum increase amount shall be computed and applied to eligible qualified property which is extension property and to eligible qualified property which is not extension property.

"(ii) TAXPAYERS NOT PREVIOUSLY ELECTING ACCELERATION.— In the case of a taxpayer who did not make the election under subparagraph (A) for its first taxable year ending after March 31, 2008—

"(I) the taxpayer may elect to have this paragraph apply to its first taxable year ending after December 31, 2008, and each subsequent taxable year, and

"(II) if the taxpayer makes the election under subclause (I), this paragraph shall only apply to eligible qualified property which is extension property.

"(iii) EXTENSION PROPERTY.—For purposes of this subparagraph, the term 'extension property' means property which is eligible qualified property solely by reason of the extension of the application of the special allowance under paragraph (1) pursuant to the amendments made by section 1201(a) of the American Recovery and Reinvestment Tax Act of 2009 (and the application of such extension to this paragraph pursuant to the amendment made by section 1201(b)(1) of such Act)."

(2) TECHNICAL AMENDMENT.—Section 6211(b)(4)(A) is amended by inserting "168(k)(4)," after "53(e)".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to property placed in service after December 31, 2008, in taxable years ending after such date.

(2) TECHNICAL AMENDMENTS.—The amendments made by subsections (a)(3) and (b)(2) shall apply to taxable years ending after March 31, 2008.