



SOUTHWEST GAS CORPORATION

Donald L. Soderberg, Vice President/Pricing

October 28, 2010

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

Subject: Southwest Gas Corporation (U 905 G)
Advice Letter No. 853

Dear Ms. Fitch:

Enclosed herewith are five (5) copies of Southwest Gas Corporation's Advice Letter No. 853, together with California Gas Tariff P.U.C. Sheet Nos. 7190-G through 7192-G.

Sincerely,

Donald L. Soderberg

DLS:vo
Enclosures



SOUTHWEST GAS CORPORATION

Advice Letter No. 853

October 28, 2010

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. |
|--------------------------|---|---------------------------------------|
| 7190-G | Schedule No. G-PPPS – Surcharge to Fund Public Purpose Programs (PPP) | 6980-G |
| 7191-G | Table of Contents (<i>Continued</i>) | 7186-G |
| 7192-G | Table of Contents | 7189-G |

The purpose of this filing is to adjust Public Purpose Program (PPP) Surcharge rates in compliance with Ordering Paragraph No. 22 in Decision No. (D.) 04-08-010.

In accordance with D.04-08-010, Southwest has calculated proposed PPP surcharges based on its projected 2011 CARE subsidy, and its 2011 CARE outreach and administrative expenses and LIEE program expenses approved in Application (A.) 08-06-031. Volumes used in the calculations for Southwest's Southern and Northern California Divisions, including the South Lake Tahoe service area, reflect a three-year (36 consecutive months ended September 2010) average as set forth in D.04-08-010. The number of CARE customers, volumes and associated dollar amounts reflected in the calculation of Southwest's 2011 PPP surcharges are shown in the attached Appendix A.

Effective Date

Southwest believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 pursuant to General Order (G.O.) 96-B. Southwest respectfully requests the rate changes proposed herein be approved November 28, 2010, which is thirty (30) calendar days after the date filed, with an effective date of January 1, 2011.

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 to:



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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

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

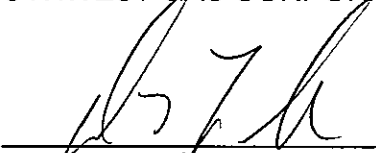
Pursuant to Energy Industry Rule 3.1(1), Southwest is exempt from the notice requirements set forth in General Rule 4.2 in G.O. 96-B since the annual PPP Surcharges adjustments proposed herein were previously authorized in D.04-08-010.

Service

In accordance with G.O. 96-B, General Rule 4.3, Southwest is mailing copies of this advice letter and related tariff sheets to the utilities and interested parties shown on the attached list.

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By 
Donald L. Soderberg

Attachments

DISTRIBUTION LIST

Advice Letter No. 853

In Conformance with G.O. 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

R. Thomas Beach

Duane Morris, LLP

Director/Division of Ratepayer Advocates

Schedule No. G-PPPS

SURCHARGE TO FUND PUBLIC PURPOSE PROGRAMS (PPP)

APPLICABILITY

Applicable to all gas sales and transportation service excluding service for: Electric Generation including cogeneration, Enhanced Oil Recovery, Wholesale for resale to end users, natural gas produced in California and transported on a proprietary pipeline, and the consumption of natural gas which California is prohibited for taxing under the United States Constitution or the California Constitution.

TERRITORY

Throughout the Company's certificated California service areas, except as may hereafter be provided.

RATES

| <u>Customer Class</u> | PPP SURCHARGE AMOUNT PER THERM | | | |
|-----------------------|--------------------------------|--|-----------------------|--|
| | <u>Non-CARE Customers</u> | | <u>CARE Customers</u> | |
| | <u>Southern CA</u> | <u>Northern CA/ South Lake Tahoe</u> | <u>Southern CA</u> | <u>Northern CA/ South Lake Tahoe</u> |
| Core * | | | | |
| Residential | \$.16808 | \$.04491 | \$.02550 | \$.02550 |
| Commercial/Industrial | \$.16808 | \$.04491 | \$.02550 | \$.02550 |
| Gas Engine | \$.16808 | \$.04491 | N/A | N/A |
| Natural Gas Vehicle | \$.16808 | \$.04491 | N/A | N/A |
| Non-Core ** | | | | |
| Commercial/Industrial | \$.16808 | \$.04491 | N/A | N/A |

* Residential service includes Rate Schedule Nos. GS/GN/SLT-10, 12, 15, 20, and 25; and GS-11. Commercial/Industrial service includes Rate Schedule Nos. GS/GN/SLT-30, 35, 40, and 60. Natural Gas Vehicle service includes Rate Schedule No. GS/GN/SLT-50.

** Commercial/Industrial service includes Rate Schedule No. GS/GN/SLT-70.

The PPP surcharges are set forth in the currently-effective Statement of Rates of this California Gas Tariff and are incorporated herein by reference.

The number of therms shall be determined in accordance with the provisions of Rule No. 2C.

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APPENDIX A

SOUTHWEST GAS CORPORATION
SUMMARY OF 2008 PUBLIC PURPOSED PROGRAM SURCHARGE CALCULATIONS
TO BE EFFECTIVE JANUARY 1, 2011

| Line No. | Description (a) | Southern California (b) | Northern California [1] (c) | Line No. |
|-------------|---|-------------------------------|-----------------------------------|-------------|
| | <u>CARE Program Surcharge</u> | | | |
| | Number of CARE Customers | | | |
| 1 | Residential | 48,155 | 3,281 | 1 |
| 2 | Non-Profit Group Living | 15 | 10 | 2 |
| 3 | Total | <u>48,170</u> | <u>3,291</u> | 3 |
| | CARE Customer Volume | | | |
| 4 | Residential | 23,981,190 | 2,439,270 | 4 |
| 5 | Non-Profit Group Living | 70,920 | 19,474 | 5 |
| 6 | Total | <u>24,052,110</u> | <u>2,458,744</u> | 6 |
| | Total CARE Program Expense | | | |
| 7 | Total Estimated Benefit | \$ 9,629,975 | \$ 578,632 | 7 |
| 8 | Balancing Account | 153,740 | 216,419 | 8 |
| 9 | Authorized Outreach and Administrative Cost | 214,064 | 10,936 | 9 |
| 10 | Authorized BOE Administrative Cost | 5,128 | 3,048 | 10 |
| 11 | Total CARE Program Expense | <u>\$ 10,002,907</u> | <u>\$ 809,035</u> | 11 |
| 12 | Total Non-CARE Volume | 70,158,399 | 41,690,602 | 12 |
| 13 | Non-CARE Surcharge | <u>\$ 0.14258</u> | <u>\$ 0.01941</u> | 13 |
| | <u>LIEE Surcharge</u> | | | |
| 14 | Authorized R&D Expense | \$ 297,645 | \$ 297,645 | 14 |
| 15 | Authorized LIEE Program Expense | 3,100,000 | 3,100,000 | 15 |
| 16 | Total LIEE Program Expense | <u>\$ 3,397,645</u> | <u>\$ 3,397,645</u> | 16 |
| 17 | Total CARE Volume | 133,254,316 | 133,254,316 | 17 |
| 18 | CARE Surcharge | <u>\$ 0.02550</u> | <u>\$ 0.02550</u> | 18 |
| 19 | Total Non-CARE Surcharge | <u>\$ 0.16808</u> | <u>\$ 0.04491</u> | 19 |

[1] Including the Company's South Lake Tahoe service area.

**SOUTHWEST GAS CORPORATION
SOUTHERN CALIFORNIA
CALCULATION OF PUBLIC PURPOSE PROGRAM SURCHARGES
TO BE EFFECTIVE JANUARY 1, 2011**

| Line No. | Description (a) | Amount [1] (b) | Rates [2] (c) | Revenue (d) | Applicable Volume (Therms) (e) | Surcharge Rate per Therm (f) | Line No. |
|---|---|-------------------|------------------|----------------------|-----------------------------------|---------------------------------|----------|
| 2008 Non-CARE Surcharge | | | | | | | |
| GS-12 CARE Residential | | | | | | | |
| 1 | Number of Bills | 577,860 | \$ 5.00 | \$ 2,889,300 | | | 1 |
| 2 | Baseline Sales | 16,050,464 | \$ 1.28496 | 20,624,204 | | | 2 |
| 3 | Tier II Sales | <u>7,930,726</u> | 1.44660 | <u>11,472,588</u> | | | 3 |
| 4 | Total | 23,981,190 | | \$ 34,986,092 | | | 4 |
| 5 | Number of Bills | 577,860 | \$ 4.00 | \$ 2,311,440 | | | 5 |
| 6 | Baseline Sales | 16,050,464 | \$ 0.91914 | 14,752,623 | | | 6 |
| 7 | Tier II Sales | <u>7,930,726</u> | 1.04845 | <u>8,314,970</u> | | | 7 |
| 8 | Total | 23,981,190 | | \$ 25,379,033 | | | 8 |
| 9 | Total GS-12 CARE Benefit | | | <u>\$ 9,607,059</u> | | | 9 |
| GS-35 Non-Profit Group Living Facility | | | | | | | |
| 10 | Number of Bills | 180 | \$ 11.00 | \$ 1,980 | | | 10 |
| Summer Sales | | | | | | | |
| 11 | 1st 100 | 4,051 | \$ 1.20373 | \$ 4,876 | | | 11 |
| 12 | Next 500 | 7,556 | 1.10023 | 8,313 | | | 12 |
| 13 | Next 2400 | 6,573 | 1.00673 | 6,617 | | | 13 |
| 14 | Over 3000 | 6,660 | 0.85276 | 5,679 | | | 14 |
| Winter Sales | | | | | | | |
| 15 | 1st 100 | 8,415 | \$ 1.21984 | \$ 10,265 | | | 15 |
| 16 | Next 500 | 14,164 | 1.11634 | 15,812 | | | 16 |
| 17 | Next 2400 | 13,167 | 1.02284 | 13,468 | | | 17 |
| 18 | Over 3000 | <u>10,334</u> | 0.86887 | <u>8,979</u> | | | 18 |
| 19 | Total | 70,920 | | \$ 75,990 | | | 19 |
| 20 | Number of Bills | 180 | \$ 8.80 | \$ 1,584 | | | 20 |
| Summer Sales | | | | | | | |
| 21 | 1st 100 | 4,051 | \$ 0.85416 | \$ 3,460 | | | 21 |
| 22 | Next 500 | 7,556 | 0.77136 | 5,828 | | | 22 |
| 23 | Next 2400 | 6,573 | 0.69656 | 4,578 | | | 23 |
| 24 | Over 3000 | 6,660 | 0.57338 | 3,819 | | | 24 |
| Winter Sales | | | | | | | |
| 25 | 1st 100 | 8,415 | \$ 0.86704 | \$ 7,296 | | | 25 |
| 26 | Next 500 | 14,164 | 0.78424 | 11,108 | | | 26 |
| 27 | Next 2400 | 13,167 | 0.70944 | 9,341 | | | 27 |
| 28 | Over 3000 | <u>10,334</u> | 0.58627 | <u>6,059</u> | | | 28 |
| 29 | Total | 70,920 | | \$ 53,074 | | | 29 |
| 30 | Total GS-35 Non-Profit Group Living Facility CARE Benefit | | | <u>\$ 22,916</u> | | | 30 |
| 31 | Total CARE Benefit | | | <u>\$ 9,629,975</u> | <u>70,158,399</u> [3] | <u>\$ 0.13726</u> | 31 |
| Outreach & Administration | | | | | | | |
| 32 | Southwest Gas [4] | | | <u>\$ 214,064</u> | <u>70,158,399</u> | <u>\$ 0.00306</u> | 32 |
| 33 | CPUC | | | <u>0</u> | <u>70,158,399</u> | <u>0.00000</u> | 33 |
| 34 | BOE | | | <u>5,128</u> | <u>70,158,399</u> | <u>0.00007</u> | 34 |
| 35 | CARE Balancing Account at September 30, 2010 | | | <u>\$ 153,740</u> | <u>70,158,399</u> | <u>\$ 0.00219</u> | 35 |
| 36 | Non-CARE Surcharge | | | <u>\$ 10,002,907</u> | <u>70,158,399</u> | <u>\$ 0.14258</u> | 36 |
| 2008 Statewide CARE Surcharge | | | | | | | |
| 37 | Research and Development (R&D) Surcharge | | | <u>\$ 297,645</u> | <u>133,254,316</u> [5] | <u>\$ 0.00224</u> | 37 |
| 38 | Low Income Energy Efficiency Program (LIEE) Surcharge [6] | | | <u>\$ 3,100,000</u> | <u>133,254,316</u> | <u>\$ 0.02326</u> | 38 |
| 39 | Total CARE Surcharge | | | | | <u>\$ 0.02550</u> | 39 |
| 40 | Total Non-CARE Surcharge (Line 36 + Line 39) | | | | | <u>\$ 0.16808</u> | 40 |

[1] Projected 2011 CARE customers and volumes.

[2] January 1, 2011 rates including estimated average annual gas cost.

[3] Three-year (36 consecutive months ended September 2010) average volumes excluding CARE, electric generation and Special Contract volumes.

[4] Outreach and Administrative costs approved in A.08-06-031 allocated to Southern and Northern California based on CARE program customer participation.

[5] Three-year (36 consecutive months ended September 2010) average volumes for Southern and Northern California excluding electric generation volumes.

[6] LIEE expenses approved in A.08-06-031.

**SOUTHWEST GAS CORPORATION
SOUTH LAKE TAHOE AND NORTHERN CALIFORNIA
CALCULATION OF PUBLIC PURPOSE PROGRAM SURCHARGES
TO BE EFFECTIVE JANUARY 1, 2011**

| Line No. | Description (a) | Revenue [1] (b) | Applicable Volume Volume (Therms) (c) | Surcharge Rate per Therm (d) | Line No. |
|----------|--|---------------------|---|---------------------------------|----------|
| 1 | <u>2008 Non-CARE Surcharge</u> Total CARE Benefit | \$ 578,632 | <u>41,690,602</u> [2] | <u>\$ 0.01388</u> | 1 |
| 2 | Outreach & Administration Southwest Gas [3] | <u>\$ 10,936</u> | <u>41,690,602</u> | <u>\$ 0.00027</u> | 2 |
| 3 | CPUC | <u>0</u> | <u>41,690,602</u> | <u>0.00000</u> | 3 |
| 4 | BOE | <u>3,048</u> | <u>41,690,602</u> | <u>0.00007</u> | 4 |
| 5 | CARE Balancing Account at September 30, 2010 | <u>\$ 216,419</u> | <u>41,690,602</u> | <u>\$ 0.00519</u> | 5 |
| 6 | Non-CARE Surcharge | <u>\$ 809,035</u> | <u>41,690,602</u> | <u>\$ 0.01941</u> | 6 |
| 7 | <u>2008 Statewide CARE Surcharge</u> Research and Development (R&D) Surcharge | <u>\$ 297,645</u> | <u>133,254,316</u> [4] | <u>\$ 0.00224</u> | 7 |
| 8 | Low Income Energy Efficiency Program (LIEE) Surcharge [5] | <u>\$ 3,100,000</u> | <u>133,254,316</u> | <u>0.02326</u> | 8 |
| 9 | Total CARE Surcharge | | | <u>\$ 0.02550</u> | 9 |
| 10 | Total Non-CARE Surcharge (Line 6 + Line 9) | | | <u>\$ 0.04491</u> | 10 |

[1] Total CARE and LIEE program expenses for Southwest's South Lake Tahoe and Northern California service territories.

[2] Three-year (36 consecutive months ended September 2010) average volumes for Northern California and South Lake Tahoe excluding CARE and electric generation.

[3] Outreach and Administrative costs approved in A.08-06-031 allocated to Southern and Northern California based on CARE program customer participation.

[4] Three-year (36 consecutive months ended September 2010) average volumes for Southern and Northern California excluding electric generation volumes

[5] LIEE expenses approved in A.08-06-031.

**SOUTHWEST GAS CORPORATION
NORTHERN CALIFORNIA
CALCULATION OF CARE BENEFIT**

| Line No. | Description (a) | Amount [1] (b) | Rates [2] (c) | Revenue (d) | Line No. |
|--|---|-------------------|------------------|-------------------|-------------|
| <u>2008 Non-CARE Surcharge</u> | | | | | |
| GN-12 CARE Residential | | | | | |
| 1 | Number of Bills | 11,976 | \$ 5.00 | \$ 59,880 | 1 |
| 2 | Baseline Sales | 456,115 | \$ 1.29010 | 588,434 | 2 |
| 3 | Tier II Sales | 211,547 | 1.40081 | 296,337 | 3 |
| 4 | Total | <u>667,662</u> | | <u>\$ 944,651</u> | 4 |
| 5 | Number of Bills | 11,976 | \$ 4.00 | \$ 47,904 | 5 |
| 6 | Baseline Sales | 456,115 | \$ 1.02179 | 466,054 | 6 |
| 7 | Tier II Sales | 211,547 | 1.11036 | 234,893 | 7 |
| 8 | Total | <u>667,662</u> | | <u>\$ 748,851</u> | 8 |
| 9 | Total GN-12 CARE Benefit | | | <u>\$ 195,800</u> | 9 |
| GN-35 Non-Profit Group Living Facility | | | | | |
| 10 | Number of Bills | 36 | \$ 11.00 | \$ 396 | 10 |
| Summer Sales | | | | | |
| 11 | 1st 100 | 92 | \$ 1.14849 | \$ 106 | 11 |
| 12 | Next 500 | 157 | 1.05249 | 165 | 12 |
| 13 | Next 2400 | 116 | 0.95949 | 111 | 13 |
| 14 | Over 3000 | 36 | 0.83764 | 30 | 14 |
| Winter Sales | | | | | |
| 15 | 1st 100 | 349 | \$ 1.17374 | \$ 410 | 15 |
| 16 | Next 500 | 603 | 1.07774 | 650 | 16 |
| 17 | Next 2400 | 510 | 0.98474 | 502 | 17 |
| 18 | Over 3000 | 300 | 0.86289 | 259 | 18 |
| 19 | Total | <u>2,163</u> | | <u>\$ 2,629</u> | 19 |
| 20 | Number of Bills | 36 | \$ 8.80 | \$ 317 | 20 |
| Summer Sales | | | | | |
| 21 | 1st 100 | 92 | \$ 0.90850 | \$ 84 | 21 |
| 22 | Next 500 | 157 | 0.83170 | 131 | 22 |
| 23 | Next 2400 | 116 | 0.75730 | 88 | 23 |
| 24 | Over 3000 | 36 | 0.65982 | 24 | 24 |
| Winter Sales | | | | | |
| 25 | 1st 100 | 349 | \$ 0.92870 | \$ 324 | 25 |
| 26 | Next 500 | 603 | 0.85190 | 514 | 26 |
| 27 | Next 2400 | 510 | 0.77750 | 397 | 27 |
| 28 | Over 3000 | 300 | 0.68002 | 204 | 28 |
| 29 | Total | <u>2,163</u> | | <u>\$ 2,081</u> | 29 |
| 30 | Total GN-35 Non-Profit Group Living Facility CARE Benefit | | | <u>\$ 548</u> | 30 |
| 31 | Total CARE Benefit | | | <u>\$ 196,348</u> | 31 |

[1] Projected 2011 CARE customers and volumes.

[2] January 1, 2011 rates including estimated average annual gas cost.

**SOUTHWEST GAS CORPORATION
SOUTH LAKE TAHOE
CALCULATION OF CARE BENEFIT**

| Line No. | Description (a) | Amount [1] (b) | Rates [2] (c) | Revenue (d) | Line No. |
|---|---|-------------------|------------------|--------------------------|-------------|
| 2008 Non-CARE Surcharge | | | | | |
| GLT-212 - Limited Income Residential | | | | | |
| 1 | Number of Bills | 27,396 | \$ 5.00 | \$ 136,980 | 1 |
| 2 | Baseline Sales | 1,221,874 | \$ 0.90894 | 1,110,610 | 2 |
| 3 | Tier II Sales | 549,734 | 1.00990 | 555,176 | 3 |
| 4 | Total | <u>1,771,608</u> | | <u>\$ 1,802,767</u> | 4 |
| 5 | Number of Bills | 27,396 | \$ 4.00 | \$ 109,584 | 5 |
| 6 | Baseline Sales | 1,221,874 | \$ 0.71686 | 875,913 | 6 |
| 7 | Tier II Sales | 549,734 | 0.79763 | 438,484 | 7 |
| 8 | Total | <u>1,771,608</u> | | <u>\$ 1,423,981</u> | 8 |
| 9 | Total GN-12 CARE Benefit | | | <u>\$ 378,786</u> | 9 |
| GLT-222 - Limited Income General Natural Gas Service | | | | | |
| 10 | Number of Bills | 84 | \$ 11.00 | \$ 924 | 10 |
| Summer Sales | | | | | |
| 11 | 1st 100 | 645 | \$ 0.90888 | \$ 586 | 11 |
| 12 | Next 500 | 1,313 | 0.89388 | 1,174 | 12 |
| 13 | Next 2400 | 1,162 | 0.87888 | 1,021 | 13 |
| 14 | Over 3000 | 335 | 0.85492 | 286 | 14 |
| Winter Sales | | | | | |
| 15 | 1st 100 | 2,244 | \$ 0.93447 | \$ 2,097 | 15 |
| 16 | Next 500 | 4,489 | 0.91947 | 4,128 | 16 |
| 17 | Next 2400 | 4,620 | 0.90447 | 4,179 | 17 |
| 18 | Over 3000 | 2,503 | 0.88051 | 2,204 | 18 |
| 19 | Total | <u>17,311</u> | | <u>\$ 16,599</u> | 19 |
| 20 | Number of Bills | 84 | \$ 8.80 | \$ 739 | 20 |
| Summer Sales | | | | | |
| 21 | 1st 100 | 645 | \$ 0.71681 | \$ 462 | 21 |
| 22 | Next 500 | 1,313 | 0.70481 | 925 | 22 |
| 23 | Next 2400 | 1,162 | 0.69281 | 805 | 23 |
| 24 | Over 3000 | 335 | 0.67364 | 226 | 24 |
| Winter Sales | | | | | |
| 25 | 1st 100 | 2,244 | \$ 0.73728 | \$ 1,654 | 25 |
| 26 | Next 500 | 4,489 | 0.72528 | 3,256 | 26 |
| 27 | Next 2400 | 4,620 | 0.71328 | 3,295 | 27 |
| 28 | Over 3000 | 2,503 | 0.69412 | 1,737 | 28 |
| 29 | Total | <u>17,311</u> | | <u>\$ 13,101</u> | 29 |
| 30 | Total GN-35 Non-Profit Group Living Facility CARE Benefit | | | <u>\$ 3,498</u> | 30 |
| 31 | Total CARE Benefit | | | <u><u>\$ 382,284</u></u> | 31 |

[1] Projected 2011 CARE customers and volumes.

[2] January 1, 2011 rates including estimated average annual gas cost.