

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 1, 2011

Advice Letter 859

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

**Subject: To Update Preliminary Statement 13 – ITCCA in Accordance with
the Tax Relief, Unemployment Insurance Reauthorization, and Job
Creation Act of 2010**

Dear Mr. Soderberg:

Advice Letter 859 is effective September 8, 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 22, 2010


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

Subject: Southwest Gas Corporation (U 905 G)
Advice Letter No. 859

Dear Ms. Fitch:

Enclosed herewith are five (5) copies of Southwest Gas Corporation's Advice Letter No. 859, together with California Gas Tariff P.U.C. Sheet Nos. 7250-G and 7251-G.

Sincerely,



Donald L. Soderberg

DLS:kt



SOUTHWEST GAS CORPORATION

Advice Letter No. 859

December 22, 2010

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Southwest Gas Corporation (Southwest) (U 905 G) hereby tenders 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.
7250-G	Preliminary Statements (<i>Continued</i>)	7188-G
7251-G	Table of Contents	7249-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 5 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, pursuant to the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 ("Act") signed by the President of the United States on December 17, 2010. Title IV, Section 401, Subtitle B of the Act extends IRC Section 168(k) allowing for an additional bonus depreciation allowance for certain property through December 31, 2011. As a result of this change, Southwest's tax factor will decrease from 20 percent to 9 percent. Attachment A illustrates the calculation of Southwest's tax factor.

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 the retroactive effective date of September 8, 2010, to coincide with the effective date of the 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



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should be submitted expeditiously. There is no restriction on who may file a protest. Protests should be mailed 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

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

In accordance with General Order 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. 859

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

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 9% beginning September 8, 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.

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SOUTHWEST GAS CORPORATION
Advice Letter 859 - Attachment A
100% Bonus Depreciation Effective September 8, 2010 to December 31, 2011 [1]
CALIFORNIA GROSS-UP COMPUTATION INCLUDING CALIFORNIA INCOME TAXES
CPUC DECISION 87-09-026

Year	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
Year	Pmt/(Ben) Reflecting C/AC of \$1000	Tax Basis	California Depreciation Rates	California Rates	State Tax Benefit	MACRS 20-Year Federal Depreciation Rate	Federal Tax Rate	Federal Tax Benefit	Remaining C/AC Payable	Unrecovered Tax Payment	Rate of Return	Revenue Requirement on Remaining Investment	Discount Factor 12.00%	Discounted Revenue Requirement on Remaining Investment	
1	438.40	1,000	2.857%	8.840%	2.5256	100.000%	35.00%	350.0000	85.8744	262.1372	17.00%	44.5633	0.8929	39.7887	
2	(30.94)		5.551%		4.9071			(0.8840)	50.9171	68.3928	17.00%	11.6268	0.7972	9.2688	
3			5.234%		4.6269			(1.7175)	48.0019	49.4566	17.00%	8.4076	0.7118	5.9844	
4			4.935%		4.3625			(1.6194)	45.2588	46.6303	17.00%	7.9272	0.6355	5.0379	
5			4.653%		4.1133			(1.5269)	42.6724	43.9656	17.00%	7.4741	0.5674	4.2410	
6			4.387%		3.8781			(1.4396)	40.2339	41.4532	17.00%	7.0470	0.5066	3.5702	
7			4.137%		3.6571			(1.3573)	37.9342	39.0840	17.00%	6.6443	0.4523	3.0055	
8			3.901%		3.4485			(1.2800)	35.7657	36.8499	17.00%	6.2645	0.4039	2.5301	
9			3.678%		3.2514			(1.2070)	33.7213	34.7435	17.00%	5.9064	0.3606	2.1299	
10			3.468%		3.0657			(1.1380)	31.7935	32.7574	17.00%	5.5688	0.3220	1.7930	
11			3.270%		2.8907			(1.0730)	29.9759	30.8847	17.00%	5.2504	0.2875	1.5094	
12			3.084%		2.7263			(1.0117)	28.2613	29.1186	17.00%	4.9502	0.2567	1.2706	
13			2.908%		2.5707			(0.9542)	26.6449	27.4531	17.00%	4.6670	0.2292	1.0696	
14			2.742%		2.4239			(0.8997)	25.1207	25.8828	17.00%	4.4001	0.2046	0.9003	
15			2.585%		2.2851			(0.8484)	23.6839	24.4023	17.00%	4.1484	0.1827	0.7579	
16			2.438%		2.1552			(0.7998)	22.3285	23.0062	17.00%	3.9111	0.1631	0.6380	
17			2.299%		2.0323			(0.7543)	21.0505	21.6895	17.00%	3.6872	0.1456	0.5370	
18			2.168%		1.9165			(0.7113)	19.8453	20.4479	17.00%	3.4761	0.1300	0.4520	
19			2.040%		1.8034			(0.6708)	18.7127	19.2790	17.00%	3.2774	0.1161	0.3805	
20			2.040%		1.8034			(0.6312)	17.5405	18.1266	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)	11.6796	12.2657	17.00%	2.0852	0.0588	0.1227	
26			2.040%		1.8034			(0.6312)	10.5074	11.0935	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)	4.6465	5.2326	17.00%	0.8895	0.0298	0.0285	
32			2.040%		1.8034			(0.6312)	3.4743	4.0604	17.00%	0.6903	0.0266	0.0184	
33			2.040%		1.8034			(0.6312)	2.3022	2.8882	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			(0.6312)	0.0000	(0.3171)	17.00%	(0.3171)	0.0169	(0.0005)	
								(0.3171)	0.0000	(0.1586)	17.00%	(0.0270)	1.0000	(0.0270)	

407.46 1,000.00 100.000% 88.4000 100.000% 319.0600 407.4600 174.5323 86.4912 / 1000 8.65% 9.00%

Note [1] Pursuant to the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (the Act) signed December 17, 2010.