



SOUTHWEST GAS CORPORATION

Donald L. Soderberg, Vice President/Pricing

July 29, 2011

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

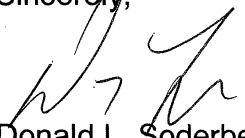
Subject: Southwest Gas Corporation (U 905 G)
Advice Letter No. 870

Dear Ms. Fitch:

Enclosed herewith are five (5) copies of Southwest Gas Corporation's Advice Letter No. 870, together with California Gas Tariff P.U.C. Sheet No. 40 and 41-45.

Should you have any questions regarding this matter, please contact Edward B. Gieseeking directly at (702) 364-3271.

Sincerely,



Donald L. Soderberg

DLS:vo
Enclosures



SOUTHWEST GAS CORPORATION

Advice Letter No. 870

July 29, 2011

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.
1 st Revised Sheet No. 40	Preliminary Statement (<i>Continued</i>)	Original Sheet No. 40
Original Sheet Nos. 41-45	Held for Future Use	

Purpose

On September 27, 2006, Governor Schwarzenegger signed Assembly Bill (AB) 32, which authorized California's Air Resources Board (ARB) to adopt measures necessary to reduce California's greenhouse gas (GHG) emissions to the 1990 level by 2020. AB 32 also provides that ARB may recover its administrative costs associated with the implementation of AB 32, which are currently estimated to be \$55 million annually, by adopting a fee on GHG emissions. The ARB has determined that there will be approximately 350 fee payers within the state of California; among those are large natural gas distributors.

On March 17, 2011, Southwest filed an application requesting authorization to establish the Environmental Compliance Cost Memorandum Account (ECCMA) to record Southwest Gas' allocated portion of ARB's administrative fees imposed by the ARB pursuant to AB 32 (Application (A.) 11-03-010). On July 14, 2011, the Commission approved the request and authorized Southwest to file a Tier 1 Advice Letter to establish the ECCMA (Ordering Paragraph 1, Decision 11-07-013). Recovery of the associated fees will be determined in the consolidated proceeding A.10-08-002¹, et al, or in Southwest's next General Rate Case anticipated to be filed late 2012 for the 2014 test year.

Effective Date

Southwest believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 1 pursuant to General Order 96-B and D.11-07-013. Southwest respectfully requests the tariff sheets filed herein be made effective on July 14, 2011, the effective date of the decision.

¹ Application of Pacific Gas and Electric Company (U39M), San Diego Gas & Electric Company (U902M), Southern California Edison Company (U338M), and Southern California Gas Company (U904 G) for Authority to Increase Electric and Natural Gas Rates and Charges to Recover California Air Resources Board Assembly Bill 32 Cost of Implementation Fee. By Administrative Law Judge Ruling dated June 10, 2011, A.10-08-002 and A.11-03-010 were consolidated.



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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:

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:

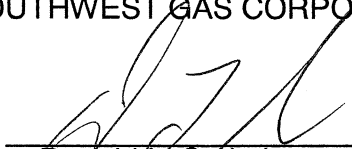
Mr. John P. Hester, Senior Vice-President
Regulatory Affairs and Energy Resources
Southwest Gas Corporation
P.O. Box 98510
Las Vegas, Nevada 89193-8510
Facsimile: 702-876-7037

Service

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 and to parties on the official service list in A.10-08-002, et al.

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By 
Donald L. Soderberg

Attachments

DISTRIBUTION LIST

Advice Letter No. 870

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)

19. ENVIRONMENTAL COMPLIANCE COST MEMORANDUM ACCOUNT (ECCMA)

19A. PURPOSE

The purpose of the ECCMA is to record the Company's allocated portion of California Air Resources Board (ARB) administrative fees associated with the implementation of Assembly Bill (AB) 32, the California Global Warming Solutions Act of 2006.

19B. APPLICABILITY

Costs recorded in the ECCMA will apply to all customer classes, excluding the Company's "self-reporting" customers that are directly billed by the ARB.

19C. ACCOUNTING PROCEDURES

The Company shall make the following entries to the ECCMA:

1. Debit entries equal to the cost of the Company's allocation of the ARB administrative fees;
2. Credit entries for the recovery of any ECCMA amounts that may be authorized by the Commission; and
3. An entry to record interest on the ECCMA balance after entries (1) and (2) above are calculated as set forth in Section 12B of these Preliminary Statements.

19D. DISPOSITION

Costs recorded in the account may be recovered in rates only after request by the Company and approval by the Commission.

SOUTHWEST GAS CORPORATION
P.O. Box 98510
Las Vegas, Nevada 89193-8510
California Gas Tariff

Canceling _____ Original Cal. P.U.C. Sheet No. 41-45
_____ Cal. P.U.C. Sheet No. _____

HELD FOR FUTURE USE

Advice Letter No. 870
Decision No. _____

Issued by
John P. Hester
Senior Vice President

Date Filed July 29, 2011
Effective _____
Resolution No. _____