

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 3, 2012

Advice Letter 878

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

Subject: Update Balancing Account Surcharges, Adjust Transportation and Storage Rates, and Updates the Income Tax Component (ITC)

Dear Mr. Soderberg:

Advice Letter 878 is effective January 1, 2012.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division



SOUTHWEST GAS CORPORATION

Donald L. Soderberg, Vice President/Pricing

November 23, 2011

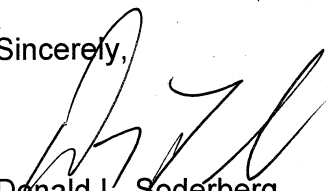
Attention: Edward Randolph, Director
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4004
San Francisco, CA 94102

Subject: Southwest Gas Corporation (U 905 G)
Advice Letter No. 878

Dear Mr. Randolph:

Enclosed herewith are five (5) copies of Southwest Gas Corporation's Advice Letter No. 878.

Sincerely,



Donald L. Soderberg

DLS:kt
Enclosures

c: Richard A. Myers, Energy Division
Clayton Tang, Division of Ratepayer Advocates
Robert M. Pocta, Division of Ratepayer Advocates



SOUTHWEST GAS CORPORATION

Advice Letter No. 878

November 23, 2011

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.
1st Revised Sheet No. 22	Preliminary Statements (<i>Continued</i>)	Original Sheet No. 22
8th Revised Sheet No. 65	Statement of Rates - Effective Rates Applicable to Southern California Division Schedules	7th Revised Sheet No. 65
8th Revised Sheet No. 66	Statement of Rates - Effective Rates Applicable to Southern California Division Schedules	7th Revised Sheet No. 66
8th Revised Sheet No. 67	Statement of Rates - Effective Rates Applicable to Southern California Division Schedules	7th Revised Sheet No. 67
8th Revised Sheet No. 68	Statement of Rates - Effective Rates Applicable to Northern California Division Schedules	7th Revised Sheet No. 68
8th Revised Sheet No. 69	Statement of Rates - Effective Rates Applicable to Northern California Division Schedules	7th Revised Sheet No. 69
2nd Revised Sheet No. 70	Statement of Rates - Effective Rates Applicable to Northern California Division Schedules	1st Revised Sheet No. 70
8th Revised Sheet No. 71	Statement of Rates - Effective Rates Applicable to South Lake Tahoe District Schedules	7th Revised Sheet No. 71
8th Revised Sheet No. 72	Statement of Rates - Effective Rates Applicable to South Lake Tahoe District Schedules	7th Revised Sheet No. 72
2nd Revised Sheet No. 73	Statement of Rates - Effective Rates Applicable to South Lake Tahoe District Schedules	1st Revised Sheet No. 73



Purpose

The purpose of this filing is to adjust rates applicable to Southwest's Northern and Southern California Divisions, as well as Southwest's South Lake Tahoe District.

This filing: (1) calculates Balancing Account Surcharge adjustments to amortize balances in Southwest's Fixed Cost Adjustment Mechanism (FCAM) and Interstate Transportation Cost Adjustment Mechanism (ITCAM); (2) adjusts transportation and storage rates to reflect forecast period upstream pipeline charges; and (3) updates the Income Tax Component (ITC) applicable to customer Contributions and Advances to reflect the change in federal bonus depreciation for tax purposes from 100 percent to 50 percent.

The calculation of Southwest's 2012 balancing account surcharges and upstream transportation and storage rates for Southwest's Southern California Division and Northern California Division, and South Lake Tahoe District are reflected in Tabs A, B and C, respectively, of the workpapers. All revenue comparisons include the effect of Southwest's 2012 Post Test Year margin revenue adjustment filed in Advice Letter No. 877, Southwest's 2012 Public Purpose Program surcharges filed in Advice Letter No. 876-A, and Southwest's forecasted weighted average 2012 cost of gas.

The combined effect of these changes will result in an annual revenue decreases of approximately \$2.1 million or 1.6 percent in Southwest's Southern California Division, \$1.6 million or 4.9 percent in Southwest's Northern California Division, and \$1.0 million or 4.5 percent in Southwest's South Lake Tahoe District

Effective Date

Southwest believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after Energy Division's approval) pursuant to General Order 96-B. Southwest respectfully requests the rate changes proposed herein be approved December 23, 2011, which is thirty (30) calendar days from the date of filing, with rates effective January 1, 2012.

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



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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 attrition adjustments proposed herein were previously authorized in D.08-11-048.

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.

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By 
Donald L. Soderberg

Attachments

DISTRIBUTION LIST

Advice Letter No. 878

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 STATEMENT
(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 Company 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 Advance shall be calculated by multiplying the balance of the Applicant's Contributions and Advances by the tax factor of 22 percent beginning January 1, 2012, 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 of this California Gas Tariff.

STATEMENT OF RATES
EFFECTIVE RATES APPLICABLE TO SOUTHERN CALIFORNIA DIVISION SCHEDULES [1] [2]

Schedule No. and Type of Charge	Southwest Margin	Charges [3] and Adjustments	Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
				CPUC	PPP [4]		
GS-10 - Residential Gas Service							
Basic Service Charge	\$ 5.00						\$ 5.00
Cost per Therm							
Baseline Quantities	\$.53352	\$.12205	\$.65557	\$.00068	\$.15496	\$.43046	\$ 1.24167 R
Tier II	.69516	.12205	.81721	.00068	.15496	.43046	1.40331 R
GS-11 - Residential Air-Conditioning Gas Service							
Basic Service Charge	\$ 5.00						\$ 5.00
Cost per Therm							
Tier I	\$.53352	\$.12205	\$.65557	\$.00068	\$.15496	\$.43046	\$ 1.24167 R
Tier II	.69516	.12205	.81721	.00068	.15496	.43046	1.40331 R
Air-Conditioning	.32282	.12205	.44487	.00068	.15496	.43046	1.03097 R
GS-12 - CARE Residential Gas Service							
Basic Service Charge	\$ 4.00						\$ 4.00
Cost per Therm							
Baseline Quantities	\$.31631	\$.12205	\$.43836	\$.00068	\$.02411	\$.43046	\$.89361 R
Tier II	.44563	.12205	.56768	.00068	.02411	.43046	1.02293 R
GS-15 - Secondary Residential Gas Service							
Basic Service Charge	\$ 6.00						\$ 6.00
Cost per Therm	\$.83284	\$.12014	\$.95298	\$.00068	\$.15496	\$.43046	\$ 1.53908 R
GS-20 - Multi-Family Master-Metered Gas Service							
Basic Service Charge	\$ 25.00						\$ 25.00
Cost per Therm							
Baseline Quantities	\$.53352	\$.12205	\$.65557	\$.00068	\$.15496	\$.43046	\$ 1.24167 R
Tier II	.69516	.12205	.81721	.00068	.15496	.43046	1.40331 R
GS-25 - Multi-Family Master Metered Gas Service - Submetered							
Basic Service Charge	\$ 25.00						\$ 25.00
Cost per Therm							
Baseline Quantities	\$.53352	\$.12205	\$.65557	\$.00068	\$.15496	\$.43046	\$ 1.24167 R
Tier II	.69516	.12205	.81721	.00068	.15496	.43046	1.40331 R
Submeter Discount per Occupied Space	\$ (8.35)						\$ (8.35)
GS-35 - Agricultural Employee Housing & Nonprofit Group Living Facility Gas Service							
Basic Service Charge	\$ 8.80						\$ 8.80
Cost per Therm							
Summer (May - October)							
First 100	\$.26743	\$.10779	\$.37522	\$.00068	\$.02411	\$.43046	\$.83047 R
Next 500	.18463	.10779	.29242	.00068	.02411	.43046	.74767 R
Next 2,400	.10983	.10779	.21762	.00068	.02411	.43046	.67287 R
Over 3,000	(.01335)	.10779	.09444	.00068	.02411	.43046	.54969 R
Winter (November - April)							
First 100	\$.26438	\$.12303	\$.38741	\$.00068	\$.02411	\$.43046	\$.84266 R
Next 500	.18158	.12303	.30461	.00068	.02411	.43046	.75986 R
Next 2,400	.10678	.12303	.22981	.00068	.02411	.43046	.68506 R
Over 3,000	(.01639)	.12303	.10664	.00068	.02411	.43046	.56189 R

STATEMENT OF RATES
EFFECTIVE RATES APPLICABLE TO SOUTHERN CALIFORNIA DIVISION SCHEDULES [1] [2]

Schedule No. and Type of Charge	Southwest Margin	Charges [3] and Adjustments	Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
				CPUC	PPP [4]		
GS-40 - Core General Gas Service							
Basic Service Charge	\$ 11.00						\$ 11.00
Cost per Therm							
Summer (May - October)							
First 100	\$.46885	\$.10779	\$.57664	\$.00068	\$.15496	\$.43046	\$ 1.16274 R
Next 500	.36535	.10779	.47314	.00068	.15496	.43046	1.05924 R
Next 2,400	.27185	.10779	.37964	.00068	.15496	.43046	.96574 R
Over 3,000	.11788	.10779	.22567	.00068	.15496	.43046	.81177 R
Winter (November - April)							
First 100	\$.46885	\$.12303	\$.59188	\$.00068	\$.15496	\$.43046	\$ 1.17798 R
Next 500	.36535	.12303	.48838	.00068	.15496	.43046	1.07448 R
Next 2,400	.27185	.12303	.39488	.00068	.15496	.43046	.98098 R
Over 3,000	.11788	.12303	.24091	.00068	.15496	.43046	.82701 R
GS-50 - Core Natural Gas Service for Motor Vehicles							
Basic Service Charge	\$ 25.00						\$ 25.00
Cost per Therm							
Summer (May - October)	\$.09935	\$.10318	\$.20253	\$.00068	\$.15496	\$.43046	\$.78863 R
Winter (November - April)	.09935	.11151	.21086	.00068	.15496	.43046	.79696 R
GS-60 - Core Internal Combustion Engine Gas Service							
Basic Service Charge	\$ 25.00						\$ 25.00
Cost per Therm							
Summer (May - October)	\$.14448	\$.10366	\$.24814	\$.00068	\$.15496	\$.43046	\$.83424 R
Winter (November - April)	.14448	.12235	.26683	.00068	.15496	.43046	.85293 R
GS-66 - Core Small Electric Power Generation Gas Service							
Basic Service Charge	\$ 25.00						\$ 25.00
Cost per Therm							
Summer (May - October)	\$.10603	\$.10384	\$.20987	\$.00068		\$.43046	\$.64101 R
Winter (November - April)	.10603	.11891	.22494	.00068		.43046	.65608 R
GS-70 - Noncore General Gas Transportation Service							
Basic Service Charge	\$ 100.00						\$ 100.00
Cost per Therm							
Summer (May - October)	\$.09842	\$.06985	\$.16827	\$.00068	\$.15496		\$.32391 R
Winter (November - April)	.09842	.06985	.16827	.00068	.15496		.32391 R
GSR - Sale for Resale Natural Gas Service							
Basic Service Charge	\$ 11.00						\$ 11.00
Transportation Service Charge	\$ 780.00						\$ 780.00
Cost per Therm							
Summer (May - October)							
First 100	\$.46885	\$.10779	\$.57664	\$.00068		\$.43046	\$ 1.00778 R
Next 500	.36535	.10779	.47314	.00068		.43046	.90428 R
Next 2,400	.27185	.10779	.37964	.00068		.43046	.81078 R
Over 3,000	.11788	.10779	.22567	.00068		.43046	.65681 R
Winter (November - April)							
First 100	\$.46885	\$.12303	\$.59188	\$.00068		\$.43046	\$ 1.02302 R
Next 500	.36535	.12303	.48838	.00068		.43046	.91952 R
Next 2,400	.27185	.12303	.39488	.00068		.43046	.82602 R
Over 3,000	.11788	.12303	.24091	.00068		.43046	.67205 R

STATEMENT OF RATES
EFFECTIVE RATES APPLICABLE TO SOUTHERN CALIFORNIA DIVISION SCHEDULES [1] [2]

Schedule No. and Type of Charge	Southwest Margin	Charges [3] and Adjustments	Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
				CPUC	PPP [4]		
<u>TFF - Transportation Franchise Fee Surcharge Provision</u>							
TFF Surcharge per Therm							\$.00641
<u>MHPS - Master-Metered Mobile Home Park Safety Inspection Provision</u>							
MHPS Surcharge per Space per Month							\$.21000

[1] Customers taking only transportation service will pay the Effective Sales Rate less the Interstate Reservation/Firm Access Charge and Gas Cost components of the Effective Sales Rate, plus a Transportation Service Charge of \$780 per month and an amount of \$0.00325 per therm for distribution system shrinkage. The PGA Balancing Account Adjustment is applicable to customers converting from sales service to transportation service for the greater period of either 12 months or the conclusion of the amortization period upon which the Balancing Account Adjustment was developed. The volume charge for customer-secured natural gas transportation will also be subject to the TFF Surcharge, if applicable. The TFF Surcharge shall be the product of the customer-secured volumes transported, multiplied by the monthly projected cost of gas, excluding franchise fees and uncollectibles, multiplied by the most current authorized franchise fee factor. R

[2] For the purpose of administering the tariff provisions of Rule No. 22, Transportation of Customer-Secured Natural Gas, of this California Gas Tariff, the otherwise applicable Procurement Charge is equal to the monthly projected cost of gas.

[3] The Charges and Adjustments applicable to each tariff rate schedule includes the following components:

	GS-10, GS-11, GS-12, GS-20, GS-25	GS-15	GS-35, GS-40, GSR	GS-50	GS-60	GS-66	GS-70	
<u>Upstream Intrastate Charges</u>								
Storage	\$.01209	\$.01176						R
Summer			\$.00104	\$.00031	\$.00079	\$.00097		R
Winter			.01628	.00864	.01948	.01604		R
Variable	.02779	.02779	.02779	.02779	.02779	.02779	\$.02779	I
Interstate Reservation/Firm Access Charge	.04211	.04053	.03890	.03502	.03502	.03502		
<u>Balancing Account Adjustments</u>								
FCAM *	.03178	.03178	.03178	.03178	.03178	.03178	.03378	R
ITCAM	.00828	.00828	.00828	.00828	.00828	.00828	.00828	I
Total Rate Adjustment	<u>\$.12205</u>	<u>\$.12014</u>						R
Total Rate Adjustment (Summer)			<u>\$.10779</u>	<u>\$.10318</u>	<u>\$.10366</u>	<u>\$.10384</u>	<u>\$.06985</u>	R
Total Rate Adjustment (Winter)			<u>\$.12303</u>	<u>\$.11151</u>	<u>\$.12235</u>	<u>\$.11891</u>	<u>\$.06985</u>	R

* The FCAM surcharge includes an amount of \$.03378 per therm related to the difference between Southwest's authorized 2010 margin and R recorded revenues intended to recover these costs.

[4] The PPP Surcharge applies to all gas sales and transportation service excluding exempt customers as defined in Rate Schedule No. G-PPPS. The PPP Surcharge includes <\$0.01158> per therm to amortize the CARE Balancing Account. This amount is not R related to current program year expenses.

STATEMENT OF RATES
EFFECTIVE RATES APPLICABLE TO NORTHERN CALIFORNIA DIVISION SCHEDULES [1] [2] [3] [4]

Schedule No. and Type of Charge	Southwest Margin	Charges [5] and Adjustments	Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
				CPUC	PPP [6]		
GN-10 - Residential Gas Service							
Basic Service Charge	\$ 5.00						\$ 5.00
Cost per Therm							
Baseline Quantities	\$.56970	\$.16008	\$.72978	\$.00068	\$.03742	\$.46356	\$ 1.23144 R
Tier II	.68041	.16008	.84049	.00068	.03742	.46356	1.34215 R
GN-12 - CARE Residential Gas Service							
Basic Service Charge	\$ 4.00						\$ 4.00
Cost per Therm							
Baseline Quantities	\$.33103	\$.16008	\$.49111	\$.00068	\$.02411	\$.46356	\$.97946 R
Tier II	.41960	.16008	.57968	.00068	.02411	.46356	1.06803 R
GN-15 - Secondary Residential Gas Service							
Basic Service Charge	\$ 6.00						\$ 6.00
Cost per Therm	\$.70610	\$.16169	\$.86779	\$.00068	\$.03742	\$.46356	\$ 1.36945 R
GN-20 - Multi-Family Master-Metered Gas Service							
Basic Service Charge	\$ 25.00						\$ 25.00
Cost per Therm							
Baseline Quantities	\$.56970	\$.16008	\$.72978	\$.00068	\$.03742	\$.46356	\$ 1.23144 R
Tier II	.68041	.16008	.84049	.00068	.03742	.46356	1.34215 R
GN-25 - Multi-Family Master Metered Gas Service - Submetered							
Basic Service Charge	\$ 25.00						\$ 25.00
Cost per Therm							
Baseline Quantities	\$.56970	\$.16008	\$.72978	\$.00068	\$.03742	\$.46356	\$ 1.23144 R
Tier II	.68041	.16008	.84049	.00068	.03742	.46356	1.34215 R
Submeter Discount per Occupied Space	\$ (10.95)						\$ (10.95)
GN-35 - Agricultural Employee Housing & Nonprofit Group Living Facility Gas Service							
Basic Service Charge	\$ 8.80						\$ 8.80
Cost per Therm							
Summer (June - September)							
First 100	\$.24453	\$.13026	\$.37479	\$.00068	\$.02411	\$.46356	\$.86314 R
Next 500	.16773	.13026	.29799	.00068	.02411	.46356	.78634 R
Next 2,400	.09333	.13026	.22359	.00068	.02411	.46356	.71194 R
Over 3,000	(.00415)	.13026	.12611	.00068	.02411	.46356	.61446 R
Winter (October - May)							
First 100	\$.23948	\$.15551	\$.39499	\$.00068	\$.02411	\$.46356	\$.88334 R
Next 500	.16268	.15551	.31819	.00068	.02411	.46356	.80654 R
Next 2,400	.08828	.15551	.24379	.00068	.02411	.46356	.73214 R
Over 3,000	(.00920)	.15551	.14631	.00068	.02411	.46356	.63466 R

STATEMENT OF RATES
EFFECTIVE RATES APPLICABLE TO NORTHERN CALIFORNIA DIVISION SCHEDULES [1] [2] [3] [4]

Schedule No. and Type of Charge	Southwest Margin	Charges [5] and Adjustments	Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
				CPUC	PPP [6]		
GN-40 - Core General Gas Service							
Basic Service Charge	\$ 11.00						\$ 11.00
Cost per Therm							
Summer (June - September)							
First 100	\$.45412	\$.13026	\$.58438	\$.00068	\$.03742	\$.46356	\$ 1.08604 R
Next 500	.35812	.13026	.48838	.00068	.03742	.46356	.99004 R
Next 2,400	.26512	.13026	.39538	.00068	.03742	.46356	.89704 R
Over 3,000	.14327	.13026	.27353	.00068	.03742	.46356	.77519 R
Winter (October - May)							
First 100	\$.45412	\$.15551	\$.60963	\$.00068	\$.03742	\$.46356	\$ 1.11129 R
Next 500	.35812	.15551	.51363	.00068	.03742	.46356	1.01529 R
Next 2,400	.26512	.15551	.42063	.00068	.03742	.46356	.92229 R
Over 3,000	.14327	.15551	.29878	.00068	.03742	.46356	.80044 R
GN-50 - Core Natural Gas Service for Motor Vehicles							
Basic Service Charge	\$ 25.00						\$ 25.00
Cost per Therm							
Summer (June - September)	\$.07287	\$.11589	\$.18876	\$.00068	\$.03742	\$.46356	\$.69042 R
Winter (October - May)	.07287	.14708	.21995	.00068	.03742	.46356	.72161 R
GN-60 - Core Internal Combustion Engine Gas Service							
Basic Service Charge	\$ 25.00						\$ 25.00
Cost per Therm							
Summer (June - September)	\$.77630	\$.11589	\$.89219	\$.00068	\$.03742	\$.46356	\$ 1.39385 R
Winter (October - May)	.77630	.14401	.92031	.00068	.03742	.46356	1.42197 R
GS-66 - Core Small Electric Power Generation Gas Service							
Basic Service Charge	\$ 25.00						\$ 25.00
Cost per Therm							
Summer (May - October)	\$.09028	\$.13026	\$.22054	\$.00068		\$.46356	\$.68478 R
Winter (November - April)	.09028	.15551	.24579	.00068		.46356	.71003 R
GN-70 - Noncore General Gas Transportation Service							
Basic Service Charge	\$ 100.00						\$ 100.00
Cost per Therm							
Summer (June - September)	\$.14698	\$ (.03688)	\$.11010	\$.00068	\$.03742		\$.14820
Winter (October - May)	.14698	(.03688)	.11010	.00068	.03742		.14820
TFF - Transportation Franchise Fee Surcharge Provision							
TFF Surcharge per Therm							\$.00409
MHPS - Master-Metered Mobile Home Park Safety Inspection Provision							
MHPS Surcharge per Space per Month							\$.21000

STATEMENT OF RATES
 EFFECTIVE RATES APPLICABLE TO NORTHERN CALIFORNIA DIVISION SCHEDULES [1] [2] [3] [4]

Schedule No. and Type of Charge	Southwest Margin	Charges [5] and Adjustments	Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
				CPUC	PPP [6]		

[1] Customers taking only transportation service will pay the Effective Sales Rate less the Interstate Reservation Charge and Gas Cost components of the Effective Sales Rate, plus a Transportation Service Charge of \$780 per month and an amount of \$0.00291 per therm for distribution system shrinkage. The PGA Balancing Account Adjustment is applicable to customers converting from sales service to transportation service for the greater period of either 12 months or the conclusion of the amortization period upon which the Balancing Account Adjustment was developed. The volume charge for customer-secured natural gas transportation will also be subject to the TFF Surcharge, if applicable. The TFF Surcharge shall be the product of the customer-secured volumes transported, multiplied by the monthly projected cost of gas, excluding franchise fees and uncollectibles, multiplied by the most current authorized franchise fee factor.

[2] For the purpose of administering the tariff provisions of Rule No. 22, Transportation of Customer-Secured Natural Gas, of this California Gas Tariff, the otherwise applicable Procurement Charge is equal to the monthly projected cost of gas.

[3] In addition to the Effective Sales Rate, a Facilities Surcharge per therm applies to all natural gas volumes delivered in the Utility's Northern California Expansion Areas pursuant to the provisions of Section 16 of the Preliminary Statements of this California Gas Tariff.

[4] A Franchise Fee differential of 2.5% will be applied to monthly billings calculated for all rate schedules for all customers within the limits of the Town of Truckee.

[5] The Charges and Adjustments applicable to each tariff rate schedule includes the following components:

	GN-10, GN-12, GN-20, GN-25	GN-15	GN-35, GN-40	GN-50	GN-60	GN-66	GN-70	
Upstream Intrastate Charges								
Reservation	\$.17968	\$.18110	\$.17365	\$.15928	\$.15928	\$.17365		R
Storage	.02379	.02398						R
Summer			.00000	.00000	.00000	.00000		
Winter			.02525	.03119	.02812	.02525		R
FCAM Balancing Account Adjustment *	(.04339)	(.04339)	(.04339)	(.04339)	(.04339)	(.04339)	\$ (.03688)	R
Total Rate Adjustment	<u>\$.16008</u>	<u>\$.16169</u>						R
Total Rate Adjustment (Summer)			<u>\$.13026</u>	<u>\$.11589</u>	<u>\$.11589</u>	<u>\$.13026</u>	<u>\$ (.03688)</u>	R
Total Rate Adjustment (Winter)			<u>\$.15551</u>	<u>\$.14708</u>	<u>\$.14401</u>	<u>\$.15551</u>	<u>\$ (.03688)</u>	R

* The FCAM surcharge includes an amount of <\$.03688> per therm related to the difference between Southwest's authorized 2010 margin and R recorded revenues intended to recover these costs.

[6] The PPP Surcharge applies to all gas sales and transportation service excluding exempt customers as defined in Rate Schedule No. G-PPPS. The PPP Surcharge includes \$.00193 per therm to amortize the CARE Balancing Account. This amount is not related R to current program year expenses.

STATEMENT OF RATES
EFFECTIVE RATES APPLICABLE TO SOUTH LAKE TAHOE DISTRICT SCHEDULES[1] [2]

Schedule No. and Type of Charge	Southwest Margin	Charges [3] and Adjustments	Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
				CPUC	PPP [4]		
STL-10 - Residential Gas Service							
Basic Service Charge	\$ 5.00						\$ 5.00
Cost per Therm							
Baseline Quantities	\$.16644	\$.20056	\$.36700	\$.00068	\$.03742	\$.46979	\$.87489 R
Tier II	.26740	.20056	.46796	.00068	.03742	.46979	.97585 R
STL-12 - CARE Residential Gas Service							
Basic Service Charge	\$ 4.00						\$ 4.00
Cost per Therm							
Baseline Quantities	\$(.00092)	\$.20056	\$.19964	\$.00068	\$.02411	\$.46979	\$.69422 R
Tier II	.07985	.20056	.28041	.00068	.02411	.46979	.77499 R
STL-15 - Secondary Residential Gas Service							
Basic Service Charge	\$ 6.00						\$ 6.00
Cost per Therm	\$.25158	\$.20218	\$.45376	\$.00068	\$.03742	\$.46979	\$.96165 R
STL-20 - Multi-Family Master-Metered Gas Service							
Basic Service Charge per Month per Dwelling	\$ 11.00						\$ 11.00
Cost per Therm							
Baseline Quantities	\$.16644	\$.20056	\$.36700	\$.00068	\$.03742	\$.46979	\$.87489 R
Tier II	.26740	.20056	.46796	.00068	.03742	.46979	.97585 R
STL-25 - Multi-Family Master Metered Gas Service - Submetered							
Basic Service Charge per Month per Dwelling	\$ 11.00						\$ 11.00
Cost per Therm							
Baseline Quantities	\$.16644	\$.20056	\$.36700	\$.00068	\$.03742	\$.46979	\$.87489 R
Tier II	.26740	.20056	.46796	.00068	.03742	.46979	.97585 R
Submeter Discount per Occupied Space	\$(5.65)						\$(5.65)
STL-35 - Agricultural Employee Housing & Nonprofit Group Living Facility Gas Service							
Basic Service Charge	\$ 8.80						\$ 8.80
Cost per Therm							
Summer (May - October)							
First 100	\$.02906	\$.17033	\$.19939	\$.00068	\$.02411	\$.46979	\$.69397 R
Next 500	.01706	.17033	.18739	.00068	.02411	.46979	.68197 R
Next 2,400	.00506	.17033	.17539	.00068	.02411	.46979	.66997 R
Over 3,000	(.01410)	.17033	.15623	.00068	.02411	.46979	.65081 R
Winter (November - April)							
First 100	\$.02395	\$.19592	\$.21987	\$.00068	\$.02411	\$.46979	\$.71445 R
Next 500	.01195	.19592	.20787	.00068	.02411	.46979	.70245 R
Next 2,400	(.00005)	.19592	.19587	.00068	.02411	.46979	.69045 R
Over 3,000	(.01922)	.19592	.17670	.00068	.02411	.46979	.67128 R

Advice Letter No. 878
Decision No. _____

Issued by
John P. Hester
Senior Vice President

Date Filed November 23, 2011
Effective January 1, 2012
Resolution No. _____

STATEMENT OF RATES
EFFECTIVE RATES APPLICABLE TO SOUTH LAKE TAHOE DISTRICT SCHEDULES[1] [2]

Schedule No. and Type of Charge	Southwest Margin	Charges [3] and Adjustments	Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
				CPUC	PPP [4]		
STL-40 - Core General Gas Service							
Basic Service Charge	\$ 11.00						\$ 11.00
Cost per Therm							
Summer (May - October)							
First 100	\$.19636	\$.17033	\$.36669	\$.00068	\$.03742	\$.46979	\$.87458 R
Next 500	.18136	.17033	.35169	.00068	.03742	.46979	.85958 R
Next 2,400	.16636	.17033	.33669	.00068	.03742	.46979	.84458 R
Over 3,000	.14240	.17033	.31273	.00068	.03742	.46979	.82062 R
Winter (November - April)							
First 100	\$.19636	\$.19592	\$.39228	\$.00068	\$.03742	\$.46979	\$.90017 R
Next 500	.18136	.19592	.37728	.00068	.03742	.46979	.88517 R
Next 2,400	.16636	.19592	.36228	.00068	.03742	.46979	.87017 R
Over 3,000	.14240	.19592	.33832	.00068	.03742	.46979	.84621 R
STL-50 - Core Natural Gas Service for Motor Vehicles							
Basic Service Charge	\$ 11.00						\$ 11.00
Cost per Therm							
Summer (May - October)	\$.14360	\$.15577	\$.29937	\$.00068	\$.03742	\$.46979	\$.80726 R
Winter (November - April)	.14360	.18738	.33098	.00068	.03742	.46979	.83887 R
STL-60 - Core Internal Combustion Engine Gas Service							
Basic Service Charge	\$ 11.00						\$ 11.00
Cost per Therm							
Summer (May - October)	\$.16344	\$.15577	\$.31921	\$.00068	\$.03742	\$.46979	\$.82710 R
Winter (November - April)	.16344	.18428	.34772	.00068	.03742	.46979	.85561 R
GS-66 - Core Small Electric Power Generation Gas Service							
Basic Service Charge	\$ 11.00						\$ 11.00
Cost per Therm							
Summer (May - October)	\$.09554	\$.17033	\$.26587	\$.00068		\$.46979	\$.73634 R
Winter (November - April)	.09554	.19592	.29146	.00068		.46979	.76193 R
STL-70 - Noncore General Gas Transportation Service							
Basic Service Charge	\$ 100.00						\$ 100.00
Cost per Therm							
Summer (May - October)	\$.13518	\$.00095	\$.13613	\$.00068	\$.03742		\$.17423 R
Winter (November - April)	.13518	.00095	.13613	.00068	.03742		.17423 R
TFF - Transportation Franchise Fee							
TFF Surcharge per Therm							\$.00812
MHPS - Master-Metered Mobile Home Park Safety Inspection Provision							
MHPS Surcharge per Space per Month							\$.21000

STATEMENT OF RATES
 EFFECTIVE RATES APPLICABLE TO SOUTH LAKE TAHOE DISTRICT SCHEDULES[1][2]

Schedule No. and Type of Charge	Southwest Margin	Charges [3] and Adjustments	Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
				CPUC	PPP [4]		

[1] Customers taking only transportation service will pay the Effective Sales Rate less the Interstate Reservation Charge and Gas Cost components of the Effective Sales Rate, plus a Transportation Service Charge of \$780 per month and an amount of \$.00295 for distribution system shrinkage. The PGA Balancing Account Adjustment is applicable to customers converting from sales service to transportation service for the greater of either 12 months or the conclusion of the amortization period upon which the Balancing Account Adjustment was developed. The volume charge for customer-secured natural gas transportation service will also be subject to the TFF Surcharge, if applicable. The TFF Surcharge shall be the product of the customer-secured volumes transported, multiplied by the monthly projected cost of gas excluding franchise fees and uncollectibles, multiplied by the most current authorized franchise fee factor.

[2] For the purpose of administering the tariff provisions of Rule No. 22, Transportation of Customer-Secured Natural Gas, of this California Gas Tariff, the otherwise applicable Procurement Charge is equal to the monthly projected cost of gas.

[3] The Charges and Adjustments applicable to each tariff rate schedule includes the following components:

	SLT-10, SLT-12, SLT-20, SLT-25	SLT-15	SLT-35, SLT-40, SLT-66	SLT-50	SLT-60	SLT-70	
Upstream Intrastate Charges							
Reservation	\$.18210	\$.18353	\$.17598	\$.16142	\$.16142		R
Storage	.02411	.02430					R
Summer			.00000	.00000	.00000		
Winter			.02559	.03161	.02851		R
FCAM Balancing Account Adjustment *	(.00565)	(.00565)	(.00565)	(.00565)	(.00565)	\$.00095	R
Total Rate Adjustment	\$.20056	\$.20218					R
Total Rate Adjustment (Summer)			\$.17033	\$.15577	\$.15577	\$.00095	R
Total Rate Adjustment (Winter)			\$.19592	\$.18738	\$.18428	\$.00095	R

* The FCAM surcharge includes an amount of \$0.00095 per term related to the difference between Southwest's authorized 2010 margin and recorded revenues intended to recover these costs.

[4] The PPP Surcharge applies to all gas sales and transportation service excluding exempt customers as defined in Rate Schedule No. PPS-292. The PPP Surcharge includes \$.00193 per term to amortize the CARE Balancing Account. This amount is not related to current program year expenses.