

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



February 6, 2013

**Advice Letter 910-G**

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

**Subject: TO UPDATE PRELIMINARY STATEMENT 13D - ITCCA IN  
ACCORDANCE WITH THE AMERICAN TAXPAYER RELIEF ACT OF  
2012**

Dear Mr. Soderberg:

Advice Letter 910-G is effective as of January 1, 2013.

Sincerely,

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

Edward F. Randolph, Director  
Energy Division



# SOUTHWEST GAS CORPORATION

Justin Lee Brown, Vice President/Pricing

January 15, 2013

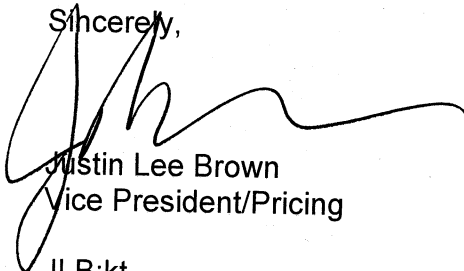
ATTN: Honesto Gatchalian  
Tariff Unit, Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4005  
San Francisco, CA 94102

Subject: Southwest Gas Corporation (U 905 G)  
Advice Letter No. 910

Dear Mr. Gatchalian:

Enclosed herewith are five (5) copies of Southwest Gas Corporation's Advice Letter No. 910 together with California Gas Tariff P.U.C. Sheet No. 22.

Sincerely,



Justin Lee Brown  
Vice President/Pricing

JLB:kt  
Enclosures



# SOUTHWEST GAS CORPORATION

Advice Letter No. 910

January 15, 2013

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Southwest Gas Corporation (Southwest Gas or Company) (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.
3rd Revised Sheet No. 22	Preliminary Statement (Continued)	2nd Revised Sheet No. 22

#### Purpose

The purpose of this filing is to adjust the tax factors reflected in the Preliminary Statements of Southwest Gas' California Gas Tariff to reflect a change to the Income Tax Component of Contributions and Advance (ITCCA) applicable to customer contributions and advances 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 Gas is revising its tax factor to reflect the extension of the Federal Depreciation Provisions of the Internal Revenue Code, pursuant to the American Taxpayer Relief Act of 2012 signed by the President of the United States on January 2, 2013. The Federal Bonus Depreciation now expires on December 31, 2013. As a result of this change, Southwest Gas' tax factor will decrease from 35 percent to 22 percent. Attachment 1 illustrates the calculation of the tax factor.

#### Effective Date

Southwest Gas 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 Gas respectfully requests the change proposed herein are approved with the retroactive effective date of January 1, 2013, 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 should be submitted expeditiously. There is no restriction on who may file a protest.



Advice Letter No. 910  
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January 15, 2013

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**

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 adjustments proposed herein are being filed pursuant to Southwest's approved California Tariff.

**Service**

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

Communications regarding this filing should be directed to:

Ed Giesecking  
Director/Pricing and Tariffs  
Southwest Gas Corporation  
P.O. Box 98510  
Las Vegas, NV 89193-8510  
Telephone: 702-364-3271  
E-mail: [ed.giesecking@swgas.com](mailto:ed.giesecking@swgas.com)

Debra S. Gallo  
Director/Government and State  
Regulatory Affairs  
Southwest Gas Corporation  
P.O. Box 98510  
Las Vegas, NV 89193-8510  
Telephone: 702-876-7163  
E-mail: [debra.gallo@swgas.com](mailto:debra.gallo@swgas.com)

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By

Justin Lee Brown

Attachments

DISTRIBUTION LIST

Advice Letter No. 910

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, 2013, 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.

**SOUTHWEST GAS CORPORATION**  
Attachment to Advice Letter 910  
**Effective Date: January 1, 2013**  
**CALIFORNIA GROSS-UP COMPUTATION INCLUDING CALIFORNIA INCOME TAXES**  
**\*WITH MACRS 50% BONUS DEPRECIATION ON 20 YEAR PROPERTY**  
CPUC DECISION 87-09-026

Year	Tax Pmt/(Ben) Reflecting CIAC of \$1000	Tax Basis	California Depreciation Rates	California Rates	State Tax Benefit	MACRS 20-Year Tax 50% Bonus Depr Rate	Federal Tax Rate	Federal Tax Benefit	Remaining CIAC Payable	Wtd Avg Unrecovered Tax Payment	Rate of Return	Revenue Requirement on Remaining Investment	Discount Factor 12.00%	Discounted Revenue Requirement on Remaining Investment
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1	438.40	1,000	2.857%	8.840%	2.5256	51.875%	35.00%	181.5625	254.3119	346.3560	17.00%	58.8805	0.8929	52.5719
2	(30.94)		5.551%		4.9071	3.610%		11.7510	206.7138	230.5128	17.00%	39.1872	0.7972	31.2398
3			5.234%		4.6269	3.339%		9.9690	192.1179	199.4158	17.00%	33.9007	0.7118	24.1298
4			4.935%		4.3625	3.089%		9.1921	178.5633	185.3406	17.00%	31.5079	0.6355	20.0238
5			4.653%		4.1133	2.857%		8.4726	165.9774	172.2703	17.00%	29.2860	0.5674	16.6176
6			4.387%		3.8781	2.643%		7.8109	154.2884	160.1329	17.00%	27.2226	0.5066	13.7918
7			4.137%		3.6571	2.444%		7.1967	143.4347	148.8615	17.00%	25.3065	0.4523	11.4474
8			3.901%		3.4485	2.261%		6.6335	133.3527	138.3937	17.00%	23.5269	0.4039	9.5021
9			3.678%		3.2514	2.231%		6.1015	123.4998	128.4262	17.00%	21.8325	0.3606	7.8730
10			3.468%		3.0657	2.231%		5.6705	113.7635	118.6317	17.00%	20.1674	0.3220	6.4934
11			3.270%		2.8907	2.231%		5.2507	104.1374	108.9505	17.00%	18.5216	0.2875	5.3245
12			3.084%		2.7263	2.231%		4.8355	94.6143	99.3759	17.00%	16.8939	0.2567	4.3362
13			2.908%		2.5707	2.231%		4.4281	85.1894	89.9019	17.00%	15.2833	0.2292	3.5025
14			2.742%		2.4239	2.231%		4.0308	75.8567	80.5230	17.00%	13.6889	0.2046	2.8010
15			2.585%		2.2851	2.231%		3.6481	66.6114	71.2340	17.00%	12.1098	0.1827	2.2124
16			2.438%		2.1552	2.231%		3.2811	57.4475	62.0295	17.00%	10.5450	0.1631	1.7201
17			2.299%		2.0323	2.231%		2.9372	48.3610	52.9159	17.00%	9.0291	0.1456	1.3099
18			2.168%		1.9165	2.231%		2.6137	39.3473	43.8542	17.00%	7.4552	0.1300	0.9685
19			2.040%		1.8034	2.231%		2.3177	30.4062	34.8768	17.00%	5.9291	0.1161	0.6884
20			2.040%		1.8034	1.110%		2.0442	21.4255	25.9159	17.00%	4.4057	0.1037	0.4567
21			2.040%		1.8034			1.7137	16.3684	18.8970	17.00%	3.2125	0.0926	0.2973
22			2.040%		1.8034			1.4255	11.9662	14.6101	17.00%	2.4837	0.0798	0.1833
23			2.040%		1.8034			1.1773	7.1377	10.5450	17.00%	1.8970	0.0659	0.1161
24			2.040%		1.8034			0.9312	3.2538	6.2029	17.00%	1.4057	0.0588	0.0791
25			2.040%		1.8034			0.6312	1.6368	3.4743	17.00%	1.0117	0.0525	0.0590
26			2.040%		1.8034			0.3312	0.9353	2.2857	17.00%	0.7191	0.0469	0.0419
27			2.040%		1.8034			0.0312	0.5187	1.4874	17.00%	0.4874	0.0374	0.0291
28			2.040%		1.8034			(0.6312)	0.8163	0.7570	17.00%	0.3312	0.0298	0.0265
29			2.040%		1.8034			(0.6312)	0.9909	0.5232	17.00%	0.2326	0.0238	0.0184
30			2.040%		1.8034			(0.6312)	4.6465	0.4064	17.00%	0.1910	0.0212	0.0062
31			2.040%		1.8034			(0.6312)	2.3022	2.8882	17.00%	0.2917	0.0169	0.0018
32			2.040%		1.8034			(0.6312)	1.1300	1.7761	17.00%	0.0925	0.0159	0.0005
33			2.040%		1.8034			(0.6312)	(0.0422)	(0.1797)	17.00%	(0.0305)	(0.0005)	(0.0270)
34			2.040%		1.8034			(0.6312)	0.0000		17.00%			
35			1.025%		0.9061			(0.3171)						
36														
		407.46	1,000.00	100.000%	88.4000	100.000%	319.0600	407.4600	447.2274	218.3494	1,000	218.3494	21.83%	21.83%

Temporary Federal 50% bonus depreciation expired on 12/31/2012, but was subsequently extended to 12/31/2013 by the American Taxpayer Relief Act of 2012.

22%