

August 1, 2006

TO ALL HOLDERS OF
SOUTHWEST GAS CORPORATION
CALIFORNIA GAS TARIFF

Subject: Revision No. 314 (Advice Letter No. 747-B - Attrition)

The attached tariff sheets reflect the authorization granted by the California Public Utilities Commission (Commission) for Southwest to: (1) recover Southwest's 2006 Attrition Year margin revenue pursuant to Decision (D.) 04-03-034 in Southwest's Application No. 02-02-012; (2) update its Balancing Account Surcharges applicable to the Core Fixed Cost Adjustment Mechanism (CFCAM); (3) adjust transportation and storage rates to reflect currently effective upstream pipeline charges; (4) eliminate the Baseline Balancing Account Adjustment Mechanism (BBAAM) Surcharge; and (5) update the Balancing Account Surcharges applicable to the Noncore Fixed Cost Adjustment Mechanism (NFCAM) and the Interstate Transportation Cost Adjustment Mechanism (ITCAM) in Southwest's Southern California Division only. All changes noted herein are effective August 1, 2006.

Please update your Southwest California Gas Tariff as follows:

| Cal. P.U.C. Sheet No. | Title of Sheet | Canceling Cal. P.U.C. Sheet No. |
|--------------------------|---|---------------------------------------|
| 6316-G-B | Preliminary Statements (<i>Continued</i>) | 6002-G |
| Remove | Preliminary Statements (<i>Continued</i>) | 5716-G |
| Remove | Preliminary Statements (<i>Continued</i>) | 5717-G |
| 6317-G-B | Preliminary Statements (<i>Continued</i>) | 5829-G |
| 6318-G-B | Preliminary Statements (<i>Continued</i>) | 6003-G |
| 6319-G-B | Statement of Rates - Effective Rates Applicable to Southern California Division Schedules | 6297-G/ 6353-G |
| 6320-G-B | Statement of Rates - Effective Rates Applicable to Southern California Division Schedules | 6298-G/ 6354-G |
| 6321-G-B | Statement of Rates - Effective Rates Applicable to Southern California Division Schedules | 6299-G/ 6355-G |

**California Gas Tariff
(Continued)**

| Cal. P.U.C. Sheet No. | Title of Sheet | Canceling Cal. P.U.C. Sheet No. |
|--------------------------|---|---------------------------------------|
| 6322-G-B | Statement of Rates - Effective Rates Applicable to Northern California Division Schedules | 6300-G/ 6356-G |
| 6323-G-B | Statement of Rates - Effective Rates Applicable to Northern California Division Schedules | 6301-G/ 6357-G |
| 6324-G-B | Statement of Rates - Effective Rates Applicable to Northern California Division Schedules | 6264-G |
| 6325-G-B | Table of Contents (<i>Continued</i>) | 6118-G/ 6307-G |
| 6326-G-B | Table of Contents (<i>Continued</i>) | 6303-G/ 6359-G |
| 6327-G-B | Table of Contents | 6305-G*/ 6339-G |

Note: Tariff Sheet Nos. 6297-G through 6301-G were previously cancelled in Revision No. 310 (Advice Letter No. 762); Tariff Sheet No. 6118-G was previously cancelled in Revision No. 311 (Advice Letter No. 759); and Tariff Sheet Nos. 6303-G and 6305-G* were previously cancelled in Revision No. 309 (Advice Letter No. 761).

Debra S. Jacobson
Director, Government and State Regulatory Affairs

DSJ:vo
Attachments