

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA**

In the Matter of the Application)
of Southwest Gas Corporation for)
Authority to Change Rates and) Application No. 07-____-____
Charges for Gas Service) (Filed _____, 2007)
effective on January 1, 2009)
(U 905 G))
_____)

**APPLICATION
OF
SOUTHWEST GAS CORPORATION**

SOUTHWEST GAS CORPORATION

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In the Matter of the Application)
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**APPLICATION
OF
SOUTHWEST GAS CORPORATION**

Southwest Gas Corporation ("Southwest") respectfully applies for authorization to change rates and charges for gas service for its three California rate jurisdictions, effective on January 1, 2009, to recover the reasonable costs Southwest will incur to own and operate the facilities used to distribute natural gas to its customers and for Southwest to fulfill its customer service obligations. Southwest also requests authority to implement a post test year ratemaking mechanism ("PTY Mechanism") to change rates and charges for the subsequent four proposed post test years 2010, 2011, 2012 and 2013 for its three rate jurisdictions. Southwest's three jurisdictions are: (1) Southern California; (2) Northern California; and (3) South Lake Tahoe. The Southern California

rate jurisdiction comprises various communities and areas in San Bernardino County. The Northern California rate jurisdiction covers communities and areas in Placer, El Dorado and Nevada Counties and the South Lake Tahoe rate jurisdiction is entirely within El Dorado County.

Additionally, Southwest seeks recovery of costs recorded in its Catastrophic Event Memorandum Account ("CEMA") for the costs of restoring utility service and repairing, replacing and restoring damaged utility facilities, as well as complying with governmental agency orders, associated with the June 2007 wildfire in El Dorado County in the South Lake Tahoe area of Northern California, commonly referred to as the Angora Fire. As a result of the Angora Fire, both state and federal governments declared states of emergency and subsequently deemed the affected portions of El Dorado County as disaster areas.

BACKGROUND

The Test Year in Southwest's last general rate case was the calendar year 2003. As part of the California Public Utilities Commission ("Commission") decision in that proceeding [D.04-03-034, rendered in A.02-02-012], a four-year rate case cycle was established for Southwest, covering the

years 2003, 2004, 2005, and 2006.

In 2005, in D.05-03-010, Southwest received Commission approval to acquire the natural gas properties of Avista Corporation ("Avista") in the South Lake Tahoe area. As part of the settlement with the Commission's Division of Ratepayer Advocates ("DRA") for the Avista acquisition, Southwest agreed to keep the South Lake Tahoe properties separate from the rest of Southwest's Northern California rate jurisdiction for ratemaking purposes until such time as consolidation with the Northern California rate jurisdiction provides an overall benefit to customers. The settlement also froze base rates for South Lake Tahoe through the year 2008. Subsequently, in D.05-07-024, the Commission approved attrition adjustments for the Southern California and Northern California rate jurisdictions for 2007 and 2008, plus the extension of the test year for Southwest's next general rate case until 2009. This Application is in compliance with D.05-07-024.

In accordance with D.05-07-024, and consistent with the Energy Utility Rate Case Plan outlined in D.07-07-004, Southwest tendered its Notice of Intent ("NOI") on October 9, 2007. On December 6, 2007, the Commission's DRA notified Southwest of the adequacy of its NOI and acceptance of

Southwest's general rate case submittal for service and filing.

OVERVIEW OF THE APPLICATION

The requested annual revenue change for the Test Year 2009 is a \$7.1 million increase for the Southern California rate jurisdiction, a \$0.1 million decrease for the Northern California rate jurisdiction, and a \$2.1 million increase for the South Lake Tahoe rate jurisdiction, when compared to authorized 2008 revenues. If Southwest's request is granted, residential customers will see an annual average increase in their bills of 2.0 percent in the Southern California rate jurisdiction, a 3.9 percent decrease in the Northern California rate jurisdiction and 12.5 percent increase for the South Lake Tahoe rate jurisdiction.

Southwest seeks to establish rates and charges for the provision of natural gas service in California at just and reasonable levels to provide Southwest a realistic opportunity to earn a fair and reasonable rate of return on its investment. The supporting chapters, exhibits and schedules for this Application demonstrate the rate changes warranted for Test Year 2009 and each of the 2010 through 2013 post test years for each of the three rate jurisdictions.

Southwest requests a target capital structure consisting of 50.0 percent long-term debt, 3.0 percent preferred equity, and 47.0 percent common equity, with a requested return on common equity ("ROE") of 11.50 percent. The cost of preferred equity is 8.20 percent. Because lower cost Industrial Development Revenue Bonds issued by the City of Big Bear are available for the Southern California rate jurisdiction, the overall rate of return is 8.49 percent for the Southern California rate jurisdiction and 9.50 percent for the Northern California and South Lake Tahoe rate jurisdictions.

Additionally, Southwest proposes continuation of the Automatic Trigger Mechanism ("ATM") approved in its last general rate case, with minor changes to update the benchmark used for the trigger mechanism. The ATM is in lieu of Southwest participating in the annual generic cost of capital proceeding and provides a means of adjusting the rate of return as a result of changes in the six-month average yield of AA utility bonds as reported by Moody's, subject to a deadband of 100 basis points. The ATM would apply to the proposed capital structure adopted in this proceeding and provides an "off-ramp" if the authorized rate of return compared to the AA utility bond yield benchmark exceeds 260

basis points.

Tariff Consolidation Proposals

In D.05-03-010, the Commission approved Southwest's acquisition of the South Lake Tahoe natural gas properties of Avista. Since that approval, Southwest has kept the rates and tariffs for South Lake Tahoe customers separate from the rest of Southwest's Northern California rates and tariffs, except for consolidation of natural gas purchases and gas cost rates.

As part of this Application, Southwest proposes consolidating the South Lake Tahoe tariff rate schedules and rules into a single California Gas Tariff. A common tariff is easier for customers to understand and for Southwest and the Commission to administer. Additionally, Southwest's proposal reduces existing interclass subsidies among South Lake Tahoe customers by more properly matching like customers with more similar costs of service under an appropriate rate schedule.

With the exception of the consolidation of gas cost rates for the Northern California and South Lake Tahoe rate jurisdictions, each rate jurisdiction remains separate for calculating rates to customers. Separate Statements of Effective Sales Rates for each of the three rate jurisdictions will be maintained and appear in the Preliminary Statements,

just as Southern California and Northern California now appear in Southwest's California Gas Tariff.

To the extent possible, Southwest used the load forecasting, class cost of service and rate design methodologies and principles approved in Southwest's last general rate case, A.02-02-012, in preparing this rate case filing.

Balancing Account Treatment

Southwest proposes to combine its existing Core Fixed Cost Adjustment Mechanism ("CFCAM") and its Non-Core Fixed Cost Adjustment Mechanism, both approved in D.04-03-034, into a single Fixed Cost Adjustment Mechanism ("FCAM"). Like the CFCAM and NFCAM, the FCAM is designed to protect ratepayers against over-collections and Southwest from under-collections in revenues due to differences between forecasted sales and actual sales.

Southwest only has ten non-core customers. Given such a small market, the loss or addition of even a single non-core customer can result in significant surcharges to clear the NFCAM balancing account. Conversely, combining the CFCAM and NFCAM has a de minimis effect for core customers, while maintaining the important protections from over- and under-

collections for all customers. Southwest remains 100 percent at risk for revenues from all Special Contract customers.

In addition to consolidating the CFCAM and NFCAM, Southwest proposes re-establishing revenue balancing for the South Lake Tahoe rate jurisdiction with its FCAM proposal. A fixed cost balancing mechanism similar to the FCAM had been approved for Avista, but its operation was suspended as a result of a previous settlement between Avista and DRA. Without re-establishing a revenue balancing mechanism, these ratepayers are not afforded the over-collection protections the FCAM provides. Establishing an FCAM for South Lake Tahoe will extend this important protection to all of Southwest's core customers.

Compliance and Other Items

(a) Post Retirement Benefits Other than Pensions

In D.04-03-034, the Commission directed Southwest to provide an independent audit of its Post Retirement Benefits Other than Pensions (PBOPs) trust account in its next general rate case. A copy of that report is attached to the prepared direct testimony of Southwest Witness Randi Aldridge to be presented in support of this Application.

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(b) Construction Work in Progress

In D.04-03-034, the Commission directed Southwest to discuss the reasonableness of \$30 million in software projects that were included in Construction Work in Progress (CWIP) balances in the prior general rate case as those projects were moved to plant-in-service. Ms. Aldridge discusses the reasonableness of these software projects in her prepared direct testimony.

(c) Depreciation Rates

On June 28, 2007, Southwest submitted a study of depreciation rates and practices based on 2006 year-end data for Southwest's natural gas properties (Depreciation Study) to the DRA, pursuant to the Commission Standard Practice U-4. The Depreciation Study includes the South Lake Tahoe natural gas properties acquired from Avista. This is the first opportunity for Southwest to include its South Lake Tahoe properties in a periodic study of depreciation since their acquisition from Avista in 2005. The Depreciation Study combines the South Lake Tahoe and Northern California properties into one set of depreciation rates for all northern California properties. Southwest requests that the depreciation rates reflected in the Depreciation Study be

accepted and made effective concurrently with the rates in this Test Year 2009 Application.

(d) Catastrophic Event Memorandum Account (CEMA) Recovery

Under Public Utilities Code Section 454.9 and Section 14 of the Preliminary Statements of its California Gas Tariff, Southwest is permitted to record, for subsequent recovery, all costs associated with a catastrophic event. In June 2007, wildfires in El Dorado County in the South Lake Tahoe region of Northern California, known as the Angora Fire, burned over 3,100 acres and destroyed or damaged 277 residences and 67 commercial buildings. The state and federal governments declared states of emergency and subsequently deemed the areas affected as disaster areas for federal emergency aid purposes. The estimated costs of restoring utility service to over 1,500 customers, as well as the repair, replacement, and restoration of utility facilities damaged or destroyed during the fire are recorded in the CEMA.

The incremental costs associated with the Angora Fire disaster response are approximately \$445,000. Of the total, \$108,000 is associated with incremental operations and maintenance (O&M) expenses. The remaining \$337,000 relates to capital expenditures for service line and meter set assembly

replacements. Only the O&M costs and the net book value of abandoned facilities are recorded to the CEMA for recovery in this Application. Schedules detailing the recorded CEMA costs for which Southwest seeks recovery from all customer classes in the South Lake Tahoe rate jurisdiction over a five-year amortization period are sponsored by Southwest witness Randi Aldridge.

Post Test Year Ratemaking Mechanism

Southwest proposes a post test year ratemaking mechanism ("PTY Mechanism"), similar to its currently authorized annual attrition mechanism, for annual changes to rates and charges for gas service, effective January 1, 2010, and each January 1 thereafter through 2013.

The PTY Mechanism is necessary to recognize the effects that inflation, certain capital expenditures required to maintain service to existing customers, including the on-going Distribution Plant Pipe Replacement Project authorized in D.04-03-034 (referred to as the Polyvinyl Chloride Pipe Replacement Project), and customer growth has on the Company in the post test year period between general rate cases.

Revenues from customers added during the post test year are not addressed in the existing attrition mechanism. These

revenues are effectively returned to customers under the current revenue balancing mechanism and not available to offset Southwest's increased costs during the post test years. As part of the PTY Mechanism, these projected revenues from new customers will be matched to the post test year costs attributable to new customers.

ADDITIONAL INFORMATION

In compliance with Rule 7.1(a) of the Commission's Rules of Practice and Proceeding ("Rules"), Southwest must state the proposed category for this proceeding, the need for hearing, the issues to be considered, and a proposed schedule. Southwest must also comply with the general requirements for applications under the Commission Rules. Those general requirements are detailed below and appear in Volumes I and II and the direct testimony accompanying the Application.

Rule 7.1(a) Categorization

"Ratesetting" is the proposed category for this Application. A hearing is required to the extent any aspect(s) of this Application may be contested and not resolved through a Commission-approved Settlement. The issues considered pertain to the establishment of just and reasonable rates for Southwest in order to provide Southwest with a

realistic opportunity to earn a reasonable rate of return.

The following is a proposed schedule:

December 21, 2007	Application filed
February 1, 2008	Prehearing Conference
April 28, 2008	Filing of DRA Report
May 5, 2008	Filing of Intervenor Testimony
June 3, 2008	Filing of Rebuttal Testimony
July 8, 10 & 11, 2008	Public Comment Hearings
July 1, 2008	Discovery closes
August 11 - 15, 2008	Conduct Hearing
September 3, 2008	Filing of Opening Briefs
September 18, 2008	Filing of Reply Briefs
October 16, 2008	Proposed Decision of ALJ
November 5 & 15, 2008	Comments on ALJ PD (assumes compressed schedule for Initial and Reply Comments)
November/December 2008	Issuance of Final Decision
January 1, 2009	Effective Date of Rates

Rule 2.1

This Application is filed pursuant to Chapters 3 and 4 of the Public Utilities Act ("Act") and the Commission's Rules of Practice and Procedure ("Rules"). Specifically, without limitation, the applicable provisions of the Act are Sections 451, 454, 491, 701 and 728, and Rule 3 is the applicable

provision of the Rules.

Southwest is a corporation organized and existing under the laws of the state of California. Southwest is a gas corporation subject to the jurisdiction of the Commission and is engaged in the business of providing natural gas service as a public utility in southern and northern California. Southwest also is engaged in the intrastate transmission, distribution and sale of natural gas as a public utility in certain portions of the states of Nevada and Arizona. A wholly-owned subsidiary of Southwest, Paiute Pipeline Company, operates an interstate natural gas pipeline system in northern Nevada, subject to the jurisdiction of the Federal Energy Regulatory Commission.

The exact legal name of the Applicant is Southwest Gas Corporation.

The location of Southwest's principal place of business is 5241 Spring Mountain Road, Las Vegas, Nevada 89150-0002, and Southwest's telephone number is (702) 876-7011. Consistent with Rule 1.10, Southwest agrees to accept electronic mail service of all notices, filings and submittals from the Commission and all parties granted leave to participate in this proceeding. Communications regarding this Application

should be addressed to:

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and

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Further information follows, as required by Rule 2, pertaining to Applications Generally, and Rule 3.2, pertaining to Applications for Authority to Increase Rates.

Rule 2.2

A copy of Southwest's current Articles of Incorporation, as amended and restated, certified by the California Secretary of State, was filed with the Commission as Exhibit A to A.97-02-049 and is hereby incorporated in this Application by this reference.

Rule 3.2(a)

(1) A balance sheet and income statement, as of the latest available date of December 31, 2006, are included with

this Application, in Chapters 2 and 3 of Volumes IIA, IIB, and IIC for the respective Southern California, Northern California and South Lake Tahoe rate jurisdictions.

(2) Statements of the presently effective rates and charges which are proposed for Southern California, Northern California and South Lake Tahoe, respectively, are included with this Application in Chapter 20 of Volumes IIA, IIB, and IIC.

(3) Statements of the proposed changes to revenue requirements, for which Southwest requests authority to make effective for Southern California, Northern California and South Lake Tahoe rate jurisdictions, are included with this Application in Chapter 20 of Volumes IIA, IIB, and IIC. The statements show the amount of proposed gross revenues, together with the percentage of increase or decrease estimated to result from the proposed rates. Additionally, the statements show the proposed revenue increase or decrease, including the percentage of increase or decrease for each rate classification.

(4) The property of Southwest is composed of pipelines, valves, meters, regulators, buildings, motor vehicles, construction equipment, office equipment and related property.

A statement of the original cost of Southwest's property, together with a statement of the depreciation reserve applicable to the property, and depreciation reserve is set forth in Chapter 17 of Volumes IIA, IIB, and IIC.

(5) A summary of earnings (rate of return summary) on a depreciated rate base for the test period, upon which Southwest bases its justification for its proposed rate changes, is set forth in Chapter 6 of Volumes IIA, IIB, and IIC.

(6) The earnings result for Southwest's total natural gas utility operations is set forth in Chapter 3 of Volumes IIA, IIB, IIC.

(7) Statements as to: (1) which of the optional methods provided in the Internal Revenue Code Southwest elected to employ in computing the depreciation deduction for the purpose of determining its federal income tax payments; (2) the method utilized by Southwest in calculating federal income taxes for the test period for ratemaking purposes; and (3) whether Southwest has used the same method or methods in calculating federal income taxes for the test period for rate making purposes are set forth in Chapter 16 of Volumes IIA, IIB, and IIC.

(8) Accompanying this Application in Chapter 23 of Volumes IIA, IIB, and IIC is a copy of the latest proxy statement sent to Southwest's stockholders.

(9) Not applicable.

(10) The proposed rate changes reflect and pass through to customers only the costs to Southwest for the services or commodities furnished by it.

Southwest's supporting chapters, exhibits and schedules accompany this Application, and Southwest is ready to proceed with its showing. The Application consists of Volumes I and II, with separate parts of Volumes II for each California rate jurisdiction. In addition, Supporting Workpapers will be provided to DRA. As part of its support for this Application, Southwest intends to present the prepared direct testimony and subject matter for the following witnesses:

(1) Robert Mashas - Overall deficiency/revenue requirements, post test year ratemaking adjustment mechanism, and various adjustments;

(2) Randi Aldridge - Cost of service and various adjustments;

(3) Lisa Moses - federal and state income taxes and

state and local taxes and fees;

(4) Theodore Wood - Capital structure, cost of debt, cost of common equity, cost of preferred equity, overall rate of return and automatic trigger mechanism;

(5) Jamie Cattanach - Billing determinants;

(6) William DeLong - Class cost of service; and

(7) Edward Giesecking - Rate design and tariff changes.

These witnesses also sponsor the supporting chapters, exhibits and schedules accompanying the Application that are related to their relevant areas of expertise. The prepared direct testimony will not be submitted with the Application volumes filed with the Commission's Docket Office. Instead, copies of the prepared direct testimony will be served on the appropriate parties, in accordance with the Commission's Rules of Practice and Procedure, Rule 1.7(b), and D.07-07-004, rendered in Rulemaking 87-11-012, modifying the Energy Utility Rate Case Plan.

Rule 3.2(b) and Rule 3.2(c)

Within ten days after filing this Application, Southwest will mail notice of the Application to the state of California and to the cities and counties in Southwest's service

territories, as listed in Chapter 1 of Volumes IIA, IIB, and IIC. Additionally, within ten days after the filing of this Application, Southwest will publish notice of the Application at least once in a newspaper of general circulation in each of the counties in Southwest's affected California service territories.

Request for Relief

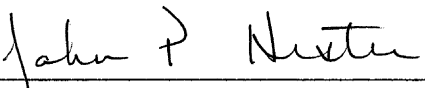
If the Commission adopts the target capital structure, rates of return, rate design, tariffs, depreciation rates, revenue requirements and post test year ratemaking mechanism proposed in this Application and as presented in the accompanying schedules, exhibits and supporting testimony, Southwest will have a more realistic and reasonable opportunity to earn its authorized rates of return. These changes will also help promote more stable and predictable energy costs for customers.

For all of the reasons set forth in this Application, including the supporting chapters, exhibits and schedules, Southwest respectfully requests the Commission: (1) process this Application in a timely manner and enter its Decision authorizing a reasonable rate of return for Southwest for its respective California rate jurisdictions and establishing just

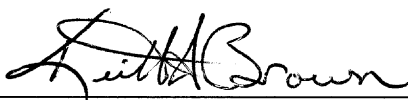
and reasonable rates in order to provide Southwest with a meaningful and realistic opportunity to earn the authorized rates of return; (2) approve the post test year ratemaking mechanism for annual changes in rates and charges for gas service for the 2010 through 2013 post test year period; and (3) grant such further relief as the Commission deems appropriate.

Dated at Las Vegas, Nevada this 20th day of December, 2007.

SOUTHWEST GAS CORPORATION



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VERIFICATION

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

I, JOHN P. HESTER, am an officer of the applicant corporation herein, and am authorized to make this verification on its behalf. The statements in the foregoing Application are true to the best of my own knowledge, except as to matters that are stated on information or belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 20th day of December, 2007 at Las Vegas, Nevada.

John P. Hester

John P. Hester
Senior Vice President,
Regulatory Affairs/Energy Resources

SUBSCRIBED AND SWORN to before me

this 20th day of December, 2007.

Notary Public

Deborah L. Granik



CERTIFICATE OF SERVICE

I hereby certify that I have this 20th day of December, 2007 served a copy or a Notice of Availability of the foregoing:

APPLICATION OF SOUTHWEST GAS CORPORATION (U 905 G) FOR
AUTHORITY TO CHANGE RATES AND CHARGES FOR GAS SERVICE
EFFECTIVE ON JANUARY 1, 2009

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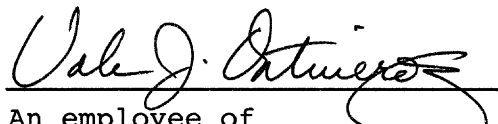
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An employee of
SOUTHWEST GAS CORPORATION

December ____, 2007

TO THE STATE, COUNTY AND CITY OFFICIALS
IN APPLICATION 07-12-____

NOTICE OF AVAILABILITY

SOUTHWEST GAS CORPORATION hereby gives notice to the persons on the attached Service List that on December ____, 2007, it filed a general rate case application with the California Public Utilities Commission. The Commission has designated this filing as Application 07-12-____. The following Counties are affected by this filing: San Bernardino, Placer, El Dorado and Nevada. Southwest is proposing that rates take effect on January 1, 2009 to produce an increase of \$7,104,298 in 2009 annual revenues in Southwest's Southern California rate jurisdiction, a decrease of \$117,482 in 2009 annual revenues in the Northern California rate jurisdiction and an increase of \$2,107,257 in 2009 annual revenues in the South Lake Tahoe rate jurisdiction. Southwest is also requesting post-test year changes to rates and charges to become effective on January 1 of each for 2010 through 2013 in its three California rate jurisdictions.

The state, counties, municipal corporations and other parties interested in the above-mentioned filing will be furnished a copy of Application 07-12-____, upon written request made to Southwest Gas Corporation, P.O. Box 98510, Las Vegas, Nevada 89193-8510, Attention: Roger C. Montgomery, Vice President/Pricing.

This notice is given in accordance with Public Utilities Code Section 454(a) and Rule 3.2(b) of the Rules of Practice and Procedure of the California Public Utilities Commission.

Respectfully,

Debra S. Jacobson
Director, Government and State Regulatory Affairs

Attachment

c:

IMPORTANT INFORMATION ABOUT FUTURE GAS RATES FOR CALIFORNIA CUSTOMERS OF SOUTHWEST GAS CORPORATION

On December __, 2007, Southwest Gas Corporation (Southwest) filed with the California Public Utilities Commission (Commission) an application requesting authority to change rates and charges for natural gas service in the California counties of San Bernardino, Placer, El Dorado, and Nevada for the Test Year 2009 and post-test years 2010 through 2013.

If this request is approved by the Commission, the proposed rate changes will take effect on January 1, 2009 and thereafter on January 1, 2010 through 2013.

ABOUT SOUTHWEST'S REQUEST

Southwest is requesting authority to change rates and charges for natural gas service for its three rate jurisdictions. Southwest's three California rate jurisdictions are: (1) Southern California; (2) Northern California; and (3) South Lake Tahoe. The Southern California rate jurisdiction is comprised of various communities and areas in San Bernardino County. The Northern California rate jurisdiction covers communities and areas in Placer, El Dorado and Nevada Counties and the South Lake Tahoe rate jurisdiction is entirely within El Dorado County.

Based on Test Year 2009, the proposed rates are designed to produce an increase of \$2,638,855 in annual gross revenues compared to present rates in the Southern California Division, a decrease of \$1,386,700 in annual gross revenues compared to present rates in the Northern California Division, excluding South Lake Tahoe, and an increase of \$2,107,257 in annual gross revenues compared to present rates in South Lake Tahoe. Southwest is also requesting post-test year changes to rates and charges for 2010 through 2013 in its three California rate jurisdictions. Southwest has filed its request for rate relief to recover the reasonable costs Southwest will incur to own and operate the facilities used to distribute natural gas to its customers and for Southwest to fulfill its customer service obligations.

REQUESTED RATE CHANGES

The following tables show the proposed percentage changes in Test Year 2009 gross revenues by customer class:

Southern California

Customer Class

Proposed Percentage Increase/(Decrease)

Primary Residential	2.0%
Secondary Residential	1.7
Master-Metered	<1.6>
Master-Metered (Submetered)	3.8
Core General	1.5
Noncore General	3.1
Core Motor Vehicle	0.8
Core Internal Combustion Engine	1.0
Small Electric Power Generation	0.0

Northern California

Customer Class

Proposed Percentage Increase/(Decrease)

Primary Residential	<3.9>%
Secondary Residential	<4.1>
Master-Metered	<4.3>
Master-Metered (Submetered)	<4.1>
Core General	<2.7>
Core Motor Vehicle	<1.0>
Core Internal Combustion Engine	<0.3>

South Lake Tahoe

Customer Class

Proposed Percentage Increase/(Decrease)

Primary Residential	12.5%
Secondary Residential	6.3
Master-Metered	15.0
Master-Metered (Submetered)	7.7
Core General	9.3
Core General Transportation	3.0
Core Motor Vehicle	0.6

PUBLIC HEARINGS

Before acting upon Southwest's request, the Commission will hold consumer hearings to afford the public the opportunity to express its views concerning the proposed rate changes. Southwest will notify its customers of the dates, times and locations of these hearings by including inserts in customer bills. Notice of the consumer hearing dates, times and locations will also be published in general circulation newspapers throughout Southwest's Southern and Northern California service areas, including South Lake Tahoe. The public may also submit comments to the Commission by writing to The Public Advisor at either of the following addresses:

San Francisco Office (Headquarters)
505 Van Ness Avenue, Room 2103
San Francisco, California 94102
415-703-2074
(toll free) 866-848-8390
(TTY) 415-703-5282
(TTY toll free) 866-836-7825
public.advisor@cpuc.ca.gov

-or-

Los Angeles Office
320 West 4th Street, Suite 500
Los Angeles, California 90013
213-576-7055
(toll free) 866-849-8391
public.advisor.la@cpuc.ca.gov

Please mention that the comments concern Application 07-12-____ of Southwest Gas Corporation.

The Commission will hold formal evidentiary hearings to receive the sworn testimony of the parties to the case. At the hearings, the Commission will receive the testimony of Southwest's witnesses and parties who have intervened in the proceedings, including the Commission's Division of Ratepayer Advocates (DRA). The DRA consists of engineers, accountants, economists and attorneys who independently evaluate the proposals of utilities for rate changes and present their analyses and recommendations for the Commission at evidentiary hearings. The Commission can accept, reject or modify the recommendations of any of the parties.

FURTHER INFORMATION

If you would like information about how to participate in the formal evidentiary hearings, contact The Public Advisor Office at one of the addresses listed above. Please mention that you are inquiring about Application 07-12-___ of Southwest Gas Corporation.

A copy of Southwest's application and related exhibits will be furnished upon a written request addressed to: Ed Giesecking, Director/Pricing and Tariffs, Southwest Gas Corporation, P. O. Box 98510, Las Vegas, Nevada 89193-8510.

A complete copy of this application may be inspected at Southwest's or the Commission's offices listed below:

SOUTHWEST GAS CORPORATION OFFICES

13471 Mariposa Road
Victorville, California 92395

40844 Big Bear Boulevard
Big Bear, California 92315

1705 Langford Drive
Bullhead City, Arizona 86442
(for Needles customers)

10682 Pioneer Trail
Truckee, California 96161

218 Incline Court
Incline Village, Nevada 89451

400 Eagle Station Lane
Carson City, Nevada 89701

COMMISSION OFFICES

Customers in
SAN BERNARDINO COUNTY

Los Angeles Office
320 West 4th Street, Suite 500
Los Angeles, California 90013

Customers in
PLACER, EL DORADO
AND NEVADA COUNTIES

San Francisco Office (Headquarters)
505 Van Ness Avenue
San Francisco, California 94102

SOUTHWEST GAS CORPORATION

By: _____

Debra S. Jacobson

Director

Government and State Regulatory Affairs

CERTIFICATE OF SERVICE

I hereby certify that I have this _____ day of December, 2007 served a copy or a Notice of Availability of the foregoing:

APPLICATION OF SOUTHWEST GAS CORPORATION (U 905 G) FOR AUTHORITY TO CHANGE RATES AND CHARGES FOR GAS SERVICE EFFECTIVE ON JANUARY 1, 2009

by regular mail (properly addressed, with postage prepaid thereon) or hand delivery upon the following persons or entities:

Chuck Scolastico
Attorney At Law
County of San Bernardino
385 N. Arrowhead Ave. 4th Floor
San Bernardino, CA 92415

Lori D. Panzino
County of San Bernardino
157 West Fifth St., 2nd Floor
San Bernardino, CA 92415-0450

Tom Beach
Crossborder Energy
2560 Ninth St., Suite 213A
Berkeley, CA 94710-2557

Brian T. Cragg
Attorney At Law
Goodin Macbride Squeri Ritchie & Day
505 Sansome St., Suite 900
San Francisco, CA 94111

Nilgun Atamturk
California Public Utilities Commission
Executive Division
RM. 5303
505 Van Ness Ave.
San Francisco, CA 94102-3298

Bruce DeBerry
California Public Utilities Commission
Administrative Law Judge Division
RM. 5043
505 Van Ness Ave.
San Francisco, CA 94102-3298

Danilo E. Sanchez
California Public Utilities Commission
Division of Ratepayer Advocates
RM. 5043
505 Van Ness Ave.
San Francisco, CA 94102-3298

Timothy J. Sullivan
California Public Utilities Commission
Executive Division
RM. 5212
505 Van Ness Ave.
San Francisco, CA 94102-3298

Lawrence C. Lancto
525 Sugarloaf Blvd.
Big Bear City, CA 92314-9353

Brian Cherry
Pacific Gas & Electric Co.
77 Beale St., Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Sandy Windbigler
Franchise Analyst
San Bernardino County Franchise Authority
157 West Fifth St., 2nd Floor
San Bernardino, CA 92415-0450

Bruce Foster
Southern California Edison Co.
601 Van Ness Ave., Ste. 2040
San Francisco, CA 94102

The Honorable Michael R. Peevey
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102

The Honorable Dian M. Grueneich
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102

The Honorable John Bohn
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102

The Honorable Rachelle B. Chong
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102

The Honorable Timothy A. Simon
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102

Mr. Mark Pocta
Division of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102

Mr. Clayton Tang
Division of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102

The Honorable Angela Minkin
Chief Administrative Law Judge
California Public Utilities Commission
505 Van Ness Ave., 5th Floor
San Francisco, CA 94102-3298

Department of General Services
Executive Office
P.O. Box 989052
West Sacramento, CA 95798-9052

Attorney General's Office
Department of Justice
Attn: Public Inquiry Unit
P.O. Box 944255
Sacramento, CA 94244-2550

San Bernardino County
County Counsel
385 North Arrowhead Ave., 5th Floor
San Bernardino, CA 92415

San Bernardino County
Larry Walker, County Clerk
385 North Arrowhead Ave., 5th Floor
San Bernardino, CA 92415

Placer County
Anthony La Bouff, County Counsel
175 Fulweiler Ave.
Auburn, CA 95603

Placer County
Jim McCauley, County Clerk
175 Fulweiler Ave.
Auburn, CA 95603

El Dorado County
Louis Green, County Counsel
330 Fair Lane
Placerville, CA 95667

El Dorado County
County Clerk
330 Fair Lane
Placerville, CA 95667

Nevada County
Rob Shulman, County Counsel
950 Maidu Ave.
Nevada City, CA 95959-8617

Nevada County
Kathleen Smith, County Clerk
950 Maidu Ave.
Nevada City, CA 95959-8617

City of Adelanto
Marguerite Battersby, City Attorney
P.O. Box 10
Adelanto, CA 92301

City of Adelanto
Cindy Herrera, City Clerk
P.O. Box 10
Adelanto, CA 92301

Town of Apple Valley
Neal Singer, Town Attorney
14955 Dale Evans Parkway
Apple Valley, CA 92307

Town of Apple Valley
La Vonda M. Pearson, CMC
Town Clerk
14955 Dale Evans Parkway
Apple Valley, CA 92307

City of Barstow
Yvette Abich, City Attorney
220 East Mountain View St., Suite A
Barstow, CA 92311

City of Barstow
JoAnne V. Cousino, City Clerk
220 East Mountain View St., Suite A
Barstow, CA 92311

City of Big Bear Lake
Steve Deitsch, City Attorney
P.O. Box 10000
Big Bear Lake, CA 92315

City of Big Bear Lake
Katherine E. Jefferies, City Clerk
P.O. Box 10000
Big Bear Lake, CA 92315

City of Hesperia
Sam Crowe, City Attorney
15776 Main St.
Hesperia, CA 92345

City of Hesperia
Vicki C. Soderquist, City Clerk
15776 Main St.
Hesperia, CA 92345

City of Needles
Bob Hargreaves, City Attorney
817 Third St.
Needles, CA 92363

City of Needles
Dale Jones, City Clerk
817 Third St.
Needles, CA 92363

City of Victorville
Charlie Green, City Attorney
14343 Civic Drive
Victorville, CA 92392

City of Victorville
Carolee Bates, City Clerk
14343 Civic Drive
Victorville, CA 92392

Town of Truckee
J. Dennis Crabb, Town Attorney
10183 Truckee Airport Rd.
Truckee, CA 96161

Town of Truckee
Judy Price, Town Clerk
10183 Truckee Airport Rd.
Truckee, CA 96161

An employee of
SOUTHWEST GAS CORPORATION

Notice of Proposed Rate Increase to Southern California Customers of Southwest Gas Corporation

On December ___, 2007, Southwest Gas Corporation (Southwest) filed an application with the California Public Utilities Commission (Commission) requesting authority to change its rates and charges for natural gas service in its San Bernardino County service areas, effective January 1, 2009. If the request is approved, the proposed increase in 2009 annual revenues will be \$2,638,855, or 1.8% over the existing rate levels in San Bernardino County. The proposed percentage increase or decrease by customer class is shown on the reverse side of this notice. Southwest has filed its request for rate relief to recover the reasonable costs Southwest will incur to own and operate the facilities used to distribute natural gas to its customers and for Southwest to fulfill its customer service obligations. Southwest is also requesting post-test year changes to rates and charges to become effective on January 1 of each year for 2010 through 2013.

Before acting on Southwest's application, the Commission will hold hearings. These hearings are expected to begin on or about August ___, 2008 at which time Southwest's proposed rates will be examined by an Administrative Law Judge (ALJ). At these hearings the ALJ will receive the testimony of Southwest, the Commission's independent Division of Ratepayer Advocates (DRA), and any other interested parties.

Parties at these hearings may offer proposals to the ALJ which differ from the proposals of Southwest. After considering all proposals presented during the hearings, the ALJ will issue a proposed decision. The actual rates adopted by the Commission may differ from those requested by Southwest.

If you wish to participate in the hearings and need advice, or wish to submit comments to the Commission, please write to The Public Advisor at:

San Francisco Office (Headquarters)
505 Van Ness Avenue, Room 2103
San Francisco, California 94102
415-703-2074
(toll free) 866-848-8390
(TTY) 415-703-5282
(TTY toll free) 866-836-7825
public.advisor@cpuc.ca.gov

-or-

Los Angeles Office
320 West 4th Street, Suite 500
Los Angeles, California 90013
213-576-7055
(toll free) 866-849-8391
public.advisor.la@cpuc.ca.gov

Please mention that you are writing about Application 07-12-___.

A copy of Southwest's Application 07-12-___ and related exhibits may be examined at the following Southwest offices:

13471 Mariposa Road
Victorville, California 92395

-or-

40844 Big Bear Boulevard
Big Bear, California 92315

-or-

1705 Langford Drive
Bullhead City, Arizona 86442
(for Needles customers)

A copy of the application may also be examined at either of the Commission offices listed below:

San Francisco Office (Headquarters)
505 Van Ness Avenue
San Francisco, California 94102

-or-

Los Angeles Office
320 West 4th Street
Los Angeles, California 90013

If you have any questions about Southwest's application, please contact:

Roger C. Montgomery
Vice President/Pricing
Southwest Gas Corporation
P.O. Box 98510
Las Vegas, Nevada 89193-8510

This notice is given in accordance with PU Code 454(a) and Rule 3.2(d) of the Commission's Rules of Practice and Procedure.

Proposed Revenue Change by Customer Class

<u>Customer Class</u>	<u>Annual Revenue Increase/(Decrease)</u>	<u>Percent Revenue Increase/(Decrease)</u>
Primary Residential	\$2,060,594	2.0%
Secondary Residential	140,693	1.7
Master-Metered	(4,743)	(1.6)
Master-Metered (Submetered)	48,405	2.8
Core General"	347,010	1.5
Noncore General	42,664	3.1
Core Motor Vehicle	2,948	0.8
Core Internal Combustion Engine	2,961	1.0
Small Electric Power Generation	0	0.0

* Includes former Core Industrial Gas Service Customers.

Notice of Proposed Rate Decrease to Northern California Customers of Southwest Gas Corporation

On December ___, 2007, Southwest Gas Corporation (Southwest) filed an application with the California Public Utilities Commission (Commission) requesting authority to change its rates and charges for natural gas service in its Placer, El Dorado and Nevada Counties service areas, effective January 1, 2009. If the request is approved, the proposed decrease in 2009 annual revenues will be \$1,386,700, or 3.7% over the existing rate levels in Placer, El Dorado and Nevada Counties. The proposed percentage decrease by customer class is shown on the reverse side of this notice. Southwest is also requesting post-test year changes to rates and charges to become effective on January 1, 2010, and thereafter on January 1 of each year for 2010 through 2013.

Before acting on Southwest's application, the Commission will hold hearings. These hearings are expected to begin on or about August ___, 2008 at which time Southwest's proposed rates will be examined by an Administrative Law Judge (ALJ). At these hearings the ALJ will receive the testimony of Southwest, the Commission's independent Division of Ratepayer Advocates (DRA), and any other interested parties.

Parties at these hearings may offer proposals to the ALJ which differ from the proposals of Southwest. After considering all proposals presented during the hearings, the ALJ will issue a proposed decision. The actual rates adopted by the Commission may differ from those requested by Southwest.

If you wish to participate in the hearings and need advice, or wish to submit comments to the Commission, please write to The Public Advisor at:

San Francisco Office (Headquarters)
505 Van Ness Avenue, Room 2103
San Francisco, California 94102
415-703-2074
(toll free) 866-848-8390
(TTY) 415-703-5282
(TTY toll free) 866-836-7825
public.advisor@cpuc.ca.gov

-or-

Los Angeles Office
320 West 4th Street, Suite 500
Los Angeles, California 90013
213-576-7055
(toll free) 866-849-8391
public.advisor.la@cpuc.ca.gov

Please mention that you are writing about Application 07-12-___.

A copy of Southwest's Application 07-12-___ and related exhibits may be examined at the following Southwest offices:

10682 Pioneer Trail
Truckee, California 96161

-or-

218 Incline Court
Incline Village, Nevada 89451

-or-

400 Eagle Station Lane
Carson City, Nevada 89701

A copy of the application may also be examined at either of the Commission offices listed below:

San Francisco Office (Headquarters)
505 Van Ness Avenue
San Francisco, California 94102

-or-

Los Angeles Office
320 West 4th Street
Los Angeles, California 90013

If you have any questions about Southwest's application, please contact:

Roger C. Montgomery
Vice President/Pricing
Southwest Gas Corporation
P.O. Box 98510
Las Vegas, Nevada 89193-8510

This notice is given in accordance with PU Code 454(a) and Rule 3.2(d) of the Commission's Rules of Practice and Procedure.

Proposed Revenue Change by Customer Class

<u>Customer Class</u>	<u>Annual Revenue Increase/(Decrease)</u>	<u>Percent Revenue Increase/(Decrease)</u>
Primary Residential	\$ (476,265)	(3.9)%
Secondary Residential	(720,210)	(4.1)
Master-Metered	(1,018)	(4.3)
Master-Metered (Submetered)	(1,137)	(4.1)
Core General	(187,335)	(2.7)
Core Motor Vehicle	(733)	(1.0)
Core Internal Combustion Engine	(2)	(0.3)

Notice of Proposed Rate Increase to South Lake Tahoe Customers of Southwest Gas Corporation

On December __, 2007, Southwest Gas Corporation (Southwest) filed an application with the California Public Utilities Commission (Commission) requesting authority to change its rates and charges for natural gas service in its El Dorado County service area, effective January 1, 2009. If the request is approved, the proposed increase in 2009 annual revenues will be \$2,107,291, or 8.4% over the existing rate levels in El Dorado County. The proposed percentage increase by customer class is shown on the reverse side of this notice. Southwest has filed its request for rate relief to recover the reasonable costs Southwest will incur to own and operate the facilities used to distribute natural gas to its customers and for Southwest to fulfill its customer service obligations. Southwest is also requesting post-test year changes to rates and charges to become effective on January 1 of each year for 2010 through 2013.

Before acting on Southwest's application, the Commission will hold hearings. These hearings are expected to begin on or about August __, 2008 at which time Southwest's proposed rates will be examined by an Administrative Law Judge (ALJ). At these hearings the ALJ will receive the testimony of Southwest, the Commission's independent Division of Ratepayer Advocates (DRA), and any other interested parties.

Parties at these hearings may offer proposals to the ALJ which differ from the proposals of Southwest. After considering all proposals presented during the hearings, the ALJ will issue a proposed decision. The actual rates adopted by the Commission may differ from those requested by Southwest.

If you wish to participate in the hearings and need advice, or wish to submit comments to the Commission, please write to The Public Advisor at:

San Francisco Office (Headquarters)
505 Van Ness Avenue, Room 2103
San Francisco, California 94102
415-703-2074
(toll free) 866-848-8390
(TTY) 415-703-5282
(TTY toll free) 866-836-7825
public.advisor@cpuc.ca.gov

-or-

Los Angeles Office
320 West 4th Street, Suite 500
Los Angeles, California 90013
213-576-7055
(toll free) 866-849-8391
public.advisor.la@cpuc.ca.gov

Please mention that you are writing about Application 07-12-__.

A copy of Southwest's Application 07-12-__ and related exhibits may be examined at the following Southwest offices:

10682 Pioneer Trail
Truckee, California

-or-

218 Incline Court
Incline Village, Nevada

-or-

400 Eagle Station Lane
Carson City, Nevada

A copy of the application may also be examined at either of the Commission offices listed below:

San Francisco Office (Headquarters)
505 Van Ness Avenue
San Francisco, California 94102

-or-

Los Angeles Office
320 West 4th Street
Los Angeles, California 90013

If you have any questions about Southwest's application, please contact:

Roger C. Montgomery
Vice President/Pricing
Southwest Gas Corporation
P.O. Box 98510
Las Vegas, Nevada 89193-8510

This notice is given in accordance with PU Code 454(a) and Rule 3.2(d) of the Commission's Rules of Practice and Procedure.

Proposed Revenue Change by Customer Class

<u>Customer Class</u>	<u>Annual Revenue Increase/(Decrease)</u>	<u>Percent Revenue Increase/(Decrease)</u>
Primary Residential	\$1,174,260	12.5%
Secondary Residential	404,327	6.3
Master-Metered	108,737	15.0
Master-Metered (Submetered)	4,633	7.7
Core General	638,086	9.3
Core General Transportation	38,735	3.0
Core Motor Vehicle	460	0.6

**IMPORTANT INFORMATION ABOUT YOUR NATURAL GAS RATES
TO SOUTHERN CALIFORNIA CUSTOMERS
OF SOUTHWEST GAS CORPORATION
Application No. (A.) 07-12__**

NOTICE OF PUBLIC COMMENT HEARINGS

On December __, 2007, Southwest Gas Corporation (Southwest) filed an application with the California Public Utilities Commission (Commission) requesting authority to change its rates and charges for natural gas service in its San Bernardino County service areas, effective January 1, 2009. If the request is approved, the proposed increase in 2009 annual revenues will be \$2,638,855, or 1.8% over the existing rate levels in San Bernardino County. The proposed percentage increase or decrease by customer class is shown on the reverse side of this notice. Southwest has filed its request for rate relief to recover the reasonable costs Southwest will incur to own and operate the facilities used to distribute natural gas to its customers and for Southwest to fulfill its customer service obligations. Southwest is also requesting post-test year changes to rates and charges to become effective on January 1 of each year for 2010 through 2013.

The impact of the rate change on residential customers' monthly bills at various levels of monthly usage can be seen in the table below:

**TYPICAL MONTHLY BILL COMPARISON
RESIDENTIAL GAS SERVICE – WINTER QUANTITIES**

Barstow District

<u>Monthly Therm Use</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Amount Increase/ (Decrease)</u>	<u>Percent Increase/ (Decrease)</u>
15	\$ 26.71	\$ 26.96	\$ 0.25	0.95%
25	41.18	41.60	0.42	1.02
57	87.50	89.31	1.81	2.07
65	99.82	102.38	2.56	2.57
77	118.98	122.00	3.02	2.53
150	235.53	241.31	5.78	2.45

Victorville District

<u>Monthly Therm Use</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Amount Increase/ (Decrease)</u>	<u>Percent Increase/ (Decrease)</u>
15	\$ 26.71	\$ 26.96	\$ 0.25	0.95%
25	41.18	41.60	0.42	1.02
57	87.50	88.46	0.96	1.10
65	99.08	101.36	2.29	2.31
77	118.09	120.98	2.89	2.45
150	234.64	240.29	5.65	2.41

Big Bear District

<u>Monthly Therm Use</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Amount Increase/ (Decrease)</u>	<u>Percent Increase/ (Decrease)</u>
15	\$ 26.71	\$ 26.96	\$ 0.25	0.95%
25	41.18	41.60	0.42	1.02
57	87.50	88.46	0.96	1.10
65	99.08	100.17	1.10	1.11
77	116.44	117.91	1.47	1.26
150	231.95	237.22	5.27	2.27

Needles District				
<u>Monthly Therm Use</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Amount Increase/ (Decrease)</u>	<u>Percent Increase/ (Decrease)</u>
15	\$ 26.71	\$ 26.96	\$ 0.25	0.95%
25	41.18	41.60	0.42	1.02
57	90.93	93.39	2.46	2.71
65	103.70	106.47	2.77	2.67
77	122.86	126.08	3.22	2.62
150	239.41	245.40	5.98	2.50

**Present and proposed rates including all surcharges and estimated average gas costs for 12 months ended December 2008.*

Before acting on Southwest's application, the Commission will hold Public Comment Hearings and evidentiary hearings.

The Commission also maintains an independent division to represent the interests of the customers of the utility. This division, known as the Division of Ratepayer Advocates, will be a party to the proceeding to represent and protect the interests of Southwest's customers.

**THE COMMISSION WELCOMES YOUR
PARTICIPATION AND COMMENTS.**

The Public Comment Hearings will take place at the following locations and times:

T. B. D.

If you need advice on how to participate or if you cannot attend the Public Comment Hearing and wish to make comments to the Commission, please write to:

The Public Advisor
San Francisco Office (Headquarters)
505 Van Ness Avenue, Room 2103
San Francisco, California 94102
415-703-2074
(toll free) 866-848-8390
(TTY) 415-703-5282
(TTY toll free) 866-836-7825
public.advisor@cpuc.ca.gov

-or-

The Public Advisor
Los Angeles Office
320 West 4th Street, Suite 500
Los Angeles, California 90013
213-576-7055
(toll free) 866-849-8391
public.advisor.la@cpuc.ca.gov

If you have a question or need further information, please state in your letter that you would like a response; otherwise, no reply will be sent. The Public Advisor will give your letter to the Commissioners and it will become part of the formal correspondence file. Please mention that you are writing about A.07-12-__.

The evidentiary hearings are slated to begin on or about August __, 2008 at the Commission offices in San Francisco. At the evidentiary hearings the Commission will receive testimony of Southwest, other interested parties, and the Commission staff.

A copy of Southwest's Application, A.07-12 __, and related schedules may be examined at the offices of the Commission, 505 Van Ness Avenue, San Francisco; or 320 West 4th Street, Suite 500, Los Angeles. The application and schedules may also be examined at the following Southwest offices: 13471 Mariposa Road, Victorville; 40844 Big Bear Boulevard, Big Bear; 1705 Langford Drive, Bullhead City, Arizona (for Needles customers). If you wish further information about Southwest's application, please write to: Manager, State Regulatory Affairs, Southwest Gas Corporation, P.O. Box 98510, Las Vegas, Nevada 89193-8510. Again, please mention you are writing regarding A.07-12-__.

Draft – Notice of Hearings – Southern California

The Commission's policy is to schedule hearings in locations that are accessible to everyone. If specialized accommodations are needed (e.g. sign language interpreters or foreign language interpreters), please call The Public Advisor's Office at least three business days before the hearing at any one of the following:

Voice: (415) 703-2074 - toll free (866) 849-8390

Fax: (415) 355-5404 (Attention: Public Advisor)

TTY: (415) 703-5282 - TTY toll free 1-866-836-7825

Email: public.advisor@cpuc.ca.gov

Por favor, llame a su oficina local de Southwest Gas si desea obtener información en español acerca de esta noticia.

**IMPORTANT INFORMATION ABOUT YOUR NATURAL GAS RATES
TO NORTHERN CALIFORNIA CUSTOMERS
OF SOUTHWEST GAS CORPORATION
Application No. (A.) 07-12__**

NOTICE OF PUBLIC COMMENT HEARINGS

On December __, 2007, Southwest Gas Corporation (Southwest) filed an application with the California Public Utilities Commission (Commission) requesting authority to change its rates and charges for natural gas service in its Placer, El Dorado and Nevada Counties service areas, effective January 1, 2009. If the request is approved, the proposed decrease in 2009 annual revenues will be \$1,386,700, or 3.7% over the existing rate levels in Placer, El Dorado and Nevada Counties. The proposed percentage decrease by customer class is shown on the reverse side of this notice. Southwest is also requesting post-test year changes to rates and charges to become effective on January 1 of each year for 2010 through 2013.

The impact of the rate change on residential customers' monthly bills at various levels of monthly usage can be seen in the table below:

**TYPICAL MONTHLY BILL COMPARISON
RESIDENTIAL GAS SERVICE – WINTER QUANTITIES**

Tahoe District				
<u>Monthly Therm Use</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Amount Increase/ (Decrease)</u>	<u>Percent Increase/ (Decrease)</u>
15	\$ 28.10	\$ 27.07	\$ (1.03)	(3.7)%
30	51.20	49.14	(2.06)	(4.0)
50	82.00	78.57	(3.43)	(4.2)
86	137.44	131.55	(5.89)	(4.3)
104	165.77	159.79	(5.98)	(3.6)
150	241.31	232.54	(8.77)	(3.6)
200	323.42	311.61	(11.81)	(3.7)

Truckee District				
<u>Monthly Therm Use</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Amount Increase/ (Decrease)</u>	<u>Percent Increase/ (Decrease)</u>
15	\$ 28.10	\$ 27.07	\$ (1.03)	(3.7)%
30	51.20	49.14	(2.06)	(4.0)
50	82.00	78.57	(3.43)	(4.2)
86	138.26	132.21	(6.05)	(4.4)
104	167.82	160.67	(7.15)	(4.3)
150	243.36	233.41	(9.95)	(4.1)
200	325.47	312.48	(12.99)	(4.0)

**Present and proposed rates including all surcharges and estimated average gas costs for 12 months ended December 2008.*

Before acting on Southwest's application, the Commission will hold Public Comment Hearings and evidentiary hearings.

The Commission also maintains an independent division to represent the interests of the customers of the utility. This division, known as the Division of Ratepayer Advocates, will be a party to the proceeding to represent and protect the interests of Southwest's customers.

**THE COMMISSION WELCOMES YOUR
PARTICIPATION AND COMMENTS.**

The Public Comment Hearings will take place at the following locations and times:

T. B. D.

If you need advice on how to participate or if you cannot attend the Public Participation Hearing and wish to make comments to the Commission, please write to:

The Public Advisor
San Francisco Office (Headquarters)
505 Van Ness Avenue, Room 2103
San Francisco, California 94102
415-703-2074
(toll free) 866-848-8390
(TTY) 415-703-5282
(TTY toll free) 866-836-7825
public.advisor@cpuc.ca.gov

-or-

The Public Advisor
Los Angeles Office
320 West 4th Street, Suite 500
Los Angeles, California 90013
213-576-7055
(toll free) 866-849-8391
public.advisor.la@cpuc.ca.gov

If you have a question or need further information, please state in your letter that you would like a response; otherwise, no reply will be sent. The Public Advisor will give your letter to the Commissioners and it will become part of the formal correspondence file. Please mention that you are writing about A.07-12-__.

The evidentiary hearings are slated to begin on or about August __, 2008 at the Commission offices in San Francisco. At the evidentiary hearings the Commission will receive testimony of Southwest, other interested parties, and the Commission staff.

A copy of Southwest's Application, A.07-12 __, and related schedules may be examined at the offices of the Commission, 505 Van Ness Avenue, San Francisco; or 320 West 4th Street, Suite 500, Los Angeles. The application and schedules may also be examined at the following Southwest offices: 10682 Pioneer Trail, Truckee; 218 Incline Court, Incline Village; or 400 Eagle Station Lane, Carson City. If you wish further information about Southwest's application, please write to: Manager, State Regulatory Affairs, Southwest Gas Corporation, P.O. Box 98510, Las Vegas, Nevada 89193-8510. Again, please mention you are writing regarding A.07-12 __.

The Commission's policy is to schedule hearings in locations that are accessible to everyone. If specialized accommodations are needed (e.g. sign language interpreters or foreign language interpreters), please call The Public Advisor's Office at least three business days before the hearing at any one of the following:

Voice: (415) 703-2074 - toll free (866) 849-8390
Fax: (415) 355-5404 (Attention: Public Advisor)
TTY: (415) 703-5282 - TTY toll free 1-866-836-7825
Email: public.advisor@cpuc.ca.gov

Por favor, llame a su oficina local de Southwest Gas si desea obtener información en español acerca de esta noticia.

**IMPORTANT INFORMATION ABOUT YOUR NATURAL GAS RATES
TO SOUTH LAKE TAHOE, CALIFORNIA CUSTOMERS
OF SOUTHWEST GAS CORPORATION
Application No. (A.) 07-12__**

NOTICE OF PUBLIC COMMENT HEARINGS

On December ____, 2007, Southwest Gas Corporation (Southwest) filed an application with the California Public Utilities Commission (Commission) requesting authority to change its rates and charges for natural gas service in its El Dorado County service area, effective January 1, 2009. If the request is approved, the proposed increase in 2009 annual revenues will be \$2,107,291, or 8.4% over the existing rate levels in El Dorado County. The proposed percentage increase by customer class is shown on the reverse side of this notice. Southwest has filed its request for rate relief to recover the reasonable costs Southwest will incur to own and operate the facilities used to distribute natural gas to its customers and for Southwest to fulfill its customer service obligations. Southwest is also requesting post-test year changes to rates and charges to become effective on January 1 of each year for 2010 through 2013.

The impact of the rate change on residential customers' monthly bills at various levels of monthly usage can be seen in the table below:

**TYPICAL MONTHLY BILL COMPARISON
RESIDENTIAL GAS SERVICE – WINTER QUANTITIES**

South Lake Tahoe District

<u>Monthly Therm Use</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Amount Increase/ (Decrease)</u>	<u>Percent Increase/ (Decrease)</u>
15	\$ 20.07	\$ 21.37	\$ 1.30	6.48%
30	34.65	37.74	3.09	8.92
50	54.08	59.56	5.48	10.13
84	87.11	96.67	9.56	10.97
95	97.80	109.78	11.98	12.25
150	151.23	175.36	24.13	15.96
200	206.44	234.97	28.53	13.82

**Present and proposed rates including all surcharges and estimated average gas costs for 12 months ended December 2008.*

Before acting on Southwest's application, the Commission will hold Public Comment Hearings and evidentiary hearings.

The Commission also maintains an independent division to represent the interests of the customers of the utility. This division, known as the Division of Ratepayer Advocates, will be a party to the proceeding to represent and protect the interests of Southwest's customers.

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T. B. D.

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Draft – Notice of Hearings – South Lake Tahoe California

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San Francisco, California 94102
415-703-2074
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Por favor, llame a su oficina local de Southwest Gas si desea obtener información en español acerca de esta noticia.

SUMMARY OF CHANGES

**SOUTHWEST GAS CORPORATION
(U 905 G)**

Application No. 07-12-_____

**SUMMARY OF CHANGES BETWEEN NOTICE OF INTENT (NOI)
AND GENERAL RATE CASE APPLICATION (GRC)**

GENERAL

- Chapter descriptions and schedules were revised as needed to reflect ministerial and format corrections and expanded cross-references to enhance the readability of the GRC application.
- Testimonies were conformed to reflect corrected revenue requirements numbers and post test year proposals.

REVENUE REQUIREMENTS

- Chapter 6: changes reflect the revisions made to other chapters that impacted the revenue requirements.
- Chapter 8A: Account 935 in Northern California and South Lake Tahoe was updated to be projected using a 5-year average instead of a 4-year average to be consistent with Southern California (which already reflected the Company's intended methodology). Also, a correction was made to the loading amount for Account 920 – incentives were loaded in error. Additional historical System Allocable A&G was added to the South Lake Tahoe volume for consistency with the other volumes.
- Chapter 11: Approximately \$11,000 related to an employee event was removed from Account 870 2006 recorded expenses in Southern California in the GRC.
- Chapter 12: historical uncollectibles expense was revised to show only the expense collected through margin (not gas cost).
- Chapter 15: historical local franchise tax expense was revised to show only the expense collected through margin (not gas cost).
- Chapter 17: the cost per foot for the PVC pipe replacement program amounts projected for 2007-2009 was updated to reflect more current information. These updates in 2009 dollars were also applied to post test years 2010-2013 in Chapter 22. Also, the Company has included the November 1, 2007 PVC Pipe Replacement annual report to the Commission in its workpapers in the GRC.
- Chapter 18:
 1. The historical labor loading percentages were recalculated to remove payroll taxes (Chapter 18, Sheet 3), since payroll taxes are recovered in Chapter 16. The revised labor loading percentages were applied to all chapters with labor loading dollars. The schedules were modified to show the calculation.
 2. Chapter 18, Sheet 1 was revised to show the projection of each individual benefit. The NOI showed the projection on a more summarized level.

3. Historical pensions were revised to reflect the actual cash contributions made to the pension plan, and additional workpapers were added to support the amounts included.
 4. Projected benefits were updated to reflect an enhancement that the Company will make to its 401k plan (or Employee Investment Plan). The Company match was 50 cents on each dollar employees contribute up to 6% of salary. Beginning in 2008, the Company will match 50 cents on each dollar employees contribute up to 7% of salary. This change is estimated to cost the Company \$240,000 per year, and approximately 10 percent of this increase is attributable to California.
 5. The revised projected labor loading percentage resulting from these changes flowed through to the other chapters where these labor loading percentages are used.
- The revenue requirement changes noted above may have impacted other portions of the cost of service, such as income tax, depreciation, property taxes, and cash working capital.