

JIM GIBBONS
Governor

STATE OF NEVADA
PUBLIC UTILITIES COMMISSION OF NEVADA
<http://pucweb1.state.nv.us/PUCN>

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Carson City, Nevada 89701-3109
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SOUTHERN NEVADA OFFICE
101 Convention Center Drive, Suite 250
Las Vegas, Nevada 89109
(702) 486-7210 • Fax (702) 486-7206

July 31, 2008

Southwest Gas Corporation
P O Box 98510
Las Vegas, Nevada 89193-8510

RE: Docket No.: 08-06013
Application of Southwest Gas Corporation filed under Advice Letter No. 441 to revise
Tariff No. 6 to update the tax liability factors used to calculate the federal income tax
liability associated with customer provided contributions and advances.

To Whom It May Concern:

With reference to the above-captioned docket, enclosed are copies of the tariff sheets
which were accepted for filing by the Public Utilities Commission of Nevada effective July 30,
2008.

Sincerely,

A handwritten signature in cursive script that reads "Mary L. Thompson".

Mary L. Thompson
Administrative Assistant

Enclosure(s)

cc: ✓ PUC Master File



SOUTHWEST GAS CORPORATION

Roger C. Montgomery, Vice President/Pricing

June 6, 2008

Ms. Crystal Jackson, Secretary
Public Utilities Commission of Nevada
Capitol Plaza
1150 East William Street
Carson City, NV 89701-3109

Dear Ms. Jackson:

Southwest Gas Corporation herewith submits its Advice Letter No. 441.

A filing fee in the amount of \$10.00 is included. Also enclosed is one copy of the Draft Notice Application, pursuant to Nevada Administrative Code, Section 703.162.

Very truly yours,

Roger C. Montgomery

RCM:pr
Enclosures



SOUTHWEST GAS CORPORATION

Advice Letter No. 441

June 6, 2008

PUBLIC UTILITIES COMMISSION OF NEVADA

Southwest Gas Corporation (Southwest) tenders herewith for filing the following tariff sheets applicable to its Nevada Gas Tariff No. 6:

Proposed P.U.C.N. Sheet No.

Supersedes P.U.C.N. Sheet No.

2nd Revised Sheet No. 2
11th Revised Sheet No. 19

1st Revised Sheet No. 2
10th Revised Sheet No. 19

The purpose of this filing is to update the Tax Liability Factors used to calculate the federal income tax liability associated with customer provided contributions and advances in compliance with the Commission's order in Docket No. 08-03006, dated April 25, 2008. This factor is based on the current rate for Statutory Interest Paid on Customer Deposits, pursuant to Nevada Revised Statutes, NRS 704.655, effective July 1, 2008.

Copies of the calculation for both Southern and Northern Nevada service territories are included with this filing.

This filing is made in accordance with the Nevada Administrative Code, NAC Chapter 703, of the Commission's Rules of Practice and Procedure.

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By 
Roger C. Montgomery

RCM:pr
Attachments

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The following listed sheets contain all of the effective rules and regulations affecting rates and service and information relating thereto in effect on and after the date indicated thereon:

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STATEMENT OF RATES

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| | | |
|---|---|--|
| <p>Issued:</p> <p>Effective: July 1, 2008</p> <p>Advice Letter No.: <u>441</u></p> | <p>Issued by John P. Hester Senior Vice President</p> | |
|---|---|--|

STATEMENT OF RATES
TAX LIABILITY FACTORS ^[1]

| <u>Effective Date</u> | <u>Depreciable Assets</u> | | <u>Non-Depreciable Assets</u> | |
|-----------------------|---------------------------|-------------------|-------------------------------|-------------------|
| | <u>So. Nevada</u> | <u>No. Nevada</u> | <u>So. Nevada</u> | <u>No. Nevada</u> |
| July 1, 2008 | 1.11 | 1.12 | 1.54 | 1.54 |

[1] The above Tax Liability Factors will be used in accordance with the Utility's Rule No. 9, Main Extensions and Rule No. 10, Service Extensions, to adjust cash and non-cash contributions in aid of construction and advances for construction to recover the cost of Federal Income Tax in accordance with NAC 704.6532.

| | | |
|--|---|--|
| <p>Issued:</p> <p>Effective: July 1, 2008</p> <p>Advice Letter No.: <u>441</u></p> | <p>Issued by John P. Hester Senior Vice President</p> | |
|--|---|--|

SOUTHWEST GAS - SOUTHERN NEVADA
CALCULATION OF GROSS UP FACTOR AT JUNE 4, 2008
BASED ON \$1,000 CONTRIBUTION

| LINE NO. | TAX SAVINGS CALCULATION | | | | | | | | | | ANNUAL TAX SAVINGS AT 35% RATE | LINE NO. |
|----------|-------------------------------|--------------------|----------------------------|-----------------------------------|---------------------------------------|------------------------|-----------------------|----------|-----------------------------|-------------------------|--------------------------------|----------|
| | BEGINNING TAX PAYMENT BALANCE | YEARLY TAX BENEFIT | ENDING TAX PAYMENT BALANCE | CURRENT AUTHORIZED PRETAX RETURN* | CURRENT CUSTOMER DEPOSIT RATE* 1.950% | MID-YEAR PRESENT VALUE | TAX DEPRECIATION RATE | TAX BASE | MACRS TAX DEPRECIATION RATE | ANNUAL TAX DEPRECIATION | | |
| 1 | 350.00 | 183.75 | 166.25 | 16.14 | 0.9904 | 15.990 | 1,000 | 52.50% | 525.00 | 183.75 | 1 | |
| 2 | 166.25 | 16.63 | 149.63 | 14.53 | 0.9714 | 14.110 | 1,000 | 4.75% | 47.50 | 16.63 | 2 | |
| 3 | 149.63 | 14.98 | 134.65 | 13.07 | 0.9529 | 12.460 | 1,000 | 4.28% | 42.80 | 14.98 | 3 | |
| 4 | 134.65 | 13.48 | 121.17 | 11.77 | 0.9346 | 11.000 | 1,000 | 3.85% | 38.50 | 13.48 | 4 | |
| 5 | 121.17 | 12.15 | 109.03 | 10.59 | 0.9168 | 9.710 | 1,000 | 3.47% | 34.70 | 12.15 | 5 | |
| 6 | 109.03 | 10.92 | 98.11 | 9.53 | 0.8992 | 8.570 | 1,000 | 3.12% | 31.20 | 10.92 | 6 | |
| 7 | 98.11 | 10.33 | 87.78 | 8.52 | 0.8820 | 7.520 | 1,000 | 2.95% | 29.50 | 10.33 | 7 | |
| 8 | 87.78 | 10.33 | 77.46 | 7.52 | 0.8652 | 6.510 | 1,000 | 2.95% | 29.50 | 10.33 | 8 | |
| 9 | 77.46 | 10.36 | 67.10 | 6.51 | 0.8486 | 5.530 | 1,000 | 2.96% | 29.60 | 10.36 | 9 | |
| 10 | 67.10 | 10.33 | 56.77 | 5.51 | 0.8324 | 4.590 | 1,000 | 2.95% | 29.50 | 10.33 | 10 | |
| 11 | 56.77 | 10.36 | 46.41 | 4.51 | 0.8165 | 3.680 | 1,000 | 2.96% | 29.60 | 10.36 | 11 | |
| 12 | 46.41 | 10.33 | 36.09 | 3.50 | 0.8008 | 2.810 | 1,000 | 2.95% | 29.50 | 10.33 | 12 | |
| 13 | 36.09 | 10.36 | 25.73 | 2.50 | 0.7855 | 1.960 | 1,000 | 2.96% | 29.60 | 10.36 | 13 | |
| 14 | 25.73 | 10.33 | 15.40 | 1.50 | 0.7705 | 1.150 | 1,000 | 2.95% | 29.50 | 10.33 | 14 | |
| 15 | 15.40 | 10.36 | 5.04 | 0.49 | 0.7558 | 0.370 | 1,000 | 2.96% | 29.60 | 10.36 | 15 | |
| 16 | 5.04 | 5.04 | 0.00 | 0.00 | 0.7413 | - | 1,000 | 1.440% | 14.40 | 5.04 | 16 | |
| 17 | TOTAL | 350.00 | | | | 105.96 | TOTAL | 100.00% | | 350.00 | 17 | |

CONVERSION TO PERCENTAGE PER DOLLAR OF CONTRIBUTION 10.60%

GROSS-UP FACTOR 1 + 10.6% = Rounded 1.11

[1] 15-YEAR MACRS CLASS NATURAL GAS DISTRIBUTION PROPERTY PURSUANT TO INTERNAL REVENUE CODE (IRC) SECTION 168(e)(3)(E)(viii); FIFTY PERCENT BONUS ALLOWANCE PURSUANT TO IRC SECTION 168(K)

(*) ASSUMPTIONS

FEDERAL INCOME TAX RATE OF 35% SIGNED INTO LAW 8/10/93
CUSTOMER DEPOSIT RATE* 1.950% FOR JUNE 2008

AUTHORIZED RATE OF RETURN
DEBT* 3.25%
EQUITY* 4.20%
TOTAL 7.45%
GROSS UP FOR TAX 2.26%
PRETAX RETURN 9.71%

COMPUTED ON EQUITY PORTION ONLY
* DKT.# 04-3011

INCOME TAX GROSSUP FACTOR 1.5385 EQUALS (1/(1-TAX RATE))

SOUTHWEST GAS - NORTHERN NEVADA
CALCULATION OF GROSS UP FACTOR AT JUNE 4, 2008
BASED ON \$1,000 CONTRIBUTION

| LINE NO. | CURRENT CUSTOMER AUTHORIZED DEPOSIT | | | | | | | | | | TAX SAVINGS CALCULATION | | | | | | | | | | LINE NO. |
|----------|-------------------------------------|-----------------------|--------------------|--------------------|----------------|---------------|----|--------|-------------------|-----------------------|-------------------------|-------------------------|-------------------------|---------------------------|--|--|--|--|--|--|----------|
| | YEAR | BEGINNING TAX PAYMENT | YEARLY TAX BENEFIT | ENDING TAX PAYMENT | PRETAX RETURN* | CURRENT RATE* | PV | FACOR | MID-PRESENT VALUE | TAX DEPRECIATION RATE | TAX BASE | MACRS DEPRECIATION RATE | ANNUAL TAX DEPRECIATION | ANNUAL TAX SAVINGS AT 35% | | | | | | | |
| 1 | 1 | 350.00 | 183.75 | 166.25 | 17.99 | 0.9904 | | 17.820 | 52.50% | 1,000 | 52.50% | 525.00 | 183.75 | | | | | | | | |
| 2 | 2 | 166.25 | 16.63 | 149.63 | 16.19 | 0.9714 | | 15.730 | 4.75% | 1,000 | 4.75% | 47.50 | 16.63 | | | | | | | | |
| 3 | 3 | 149.63 | 14.98 | 134.65 | 14.57 | 0.9529 | | 13.880 | 4.28% | 1,000 | 4.28% | 42.80 | 14.98 | | | | | | | | |
| 4 | 4 | 134.65 | 13.48 | 121.17 | 13.11 | 0.9346 | | 12.250 | 3.85% | 1,000 | 3.85% | 38.50 | 13.48 | | | | | | | | |
| 5 | 5 | 121.17 | 12.15 | 109.03 | 11.80 | 0.9168 | | 10.810 | 3.47% | 1,000 | 3.47% | 34.70 | 12.15 | | | | | | | | |
| 6 | 6 | 109.03 | 10.92 | 98.11 | 10.61 | 0.8992 | | 9.550 | 3.12% | 1,000 | 3.12% | 31.20 | 10.92 | | | | | | | | |
| 7 | 7 | 98.11 | 10.33 | 87.78 | 9.50 | 0.8820 | | 8.380 | 2.95% | 1,000 | 2.95% | 29.50 | 10.33 | | | | | | | | |
| 8 | 8 | 87.78 | 10.33 | 77.46 | 8.38 | 0.8652 | | 7.250 | 2.95% | 1,000 | 2.95% | 29.50 | 10.33 | | | | | | | | |
| 9 | 9 | 77.46 | 10.36 | 67.10 | 7.26 | 0.8486 | | 6.160 | 2.96% | 1,000 | 2.96% | 29.60 | 10.36 | | | | | | | | |
| 10 | 10 | 67.10 | 10.33 | 56.77 | 6.14 | 0.8324 | | 5.110 | 2.95% | 1,000 | 2.95% | 29.50 | 10.33 | | | | | | | | |
| 11 | 11 | 56.77 | 10.36 | 46.41 | 5.02 | 0.8165 | | 4.100 | 2.96% | 1,000 | 2.96% | 29.60 | 10.36 | | | | | | | | |
| 12 | 12 | 46.41 | 10.33 | 36.09 | 3.90 | 0.8008 | | 3.130 | 2.95% | 1,000 | 2.95% | 29.50 | 10.33 | | | | | | | | |
| 13 | 13 | 36.09 | 10.36 | 25.73 | 2.78 | 0.7855 | | 2.190 | 2.96% | 1,000 | 2.96% | 29.60 | 10.36 | | | | | | | | |
| 14 | 14 | 25.73 | 10.33 | 15.40 | 1.67 | 0.7705 | | 1.280 | 2.95% | 1,000 | 2.95% | 29.50 | 10.33 | | | | | | | | |
| 15 | 15 | 15.40 | 10.36 | 5.04 | 0.55 | 0.7558 | | 0.410 | 2.96% | 1,000 | 2.96% | 29.60 | 10.36 | | | | | | | | |
| 16 | 16 | 5.04 | 5.04 | 0.00 | 0.00 | 0.7413 | | - | 1.440% | 1,000 | 1.440% | 14.40 | 5.04 | | | | | | | | |
| 17 | TOTAL | | 350.00 | | | | | 118.05 | | TOTAL | 100.00% | | 350.00 | | | | | | | | |
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| 37 | | | | | | | | | | | | | | | | | | | | | |

CONVERSION TO PERCENTAGE PER DOLLAR OF CONTRIBUTION 11.81%
 GROSS-UP FACTOR 1 + 11.81% = Rounded 1.12

[1] 15-YEAR MACRS CLASS NATURAL GAS DISTRIBUTION PROPERTY PURSUANT TO INTERNAL REVENUE CODE (IRC) SECTION 168(e)(3)(E)(viii); FIFTY PERCENT BONUS ALLOWANCE PURSUANT TO IRC SECTION 168(k)

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 TOTAL 8.56%
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INCOME TAX GROSSUP FACTOR 1.5385 EQUALS (1/(1-TAX RATE))
 COMPUTED ON EQUITY PORTION ONLY
 * DKT.# 04-3011