



SOUTHWEST GAS CORPORATION

June 8, 2010

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

Dear Ms. Skau:

Southwest Gas Corporation herewith submits its Advice Letter No. 462.

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,

Debra S. Gallo by cmg

Debra S. Gallo, Director
Government & State Regulatory Affairs

Enclosures



SOUTHWEST GAS CORPORATION

Donald L. Soderberg, Vice President/Pricing

Advice Letter No. 462

June 8, 2010

PUBLIC UTILITIES COMMISSION OF NEVADA

Southwest Gas Corporation (Southwest) tenders herewith for filing the following tariff sheet applicable to its Nevada Gas Tariff No. 7:

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

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

2nd Revised Sheet No. 14

1st Revised Sheet No. 14

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, 2010. There is no change to the Tax Liability Factor.

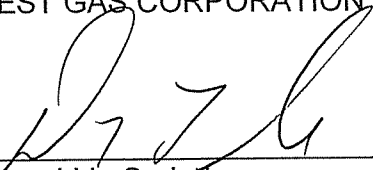
Copies of the calculation for both Southern and Northern Nevada service territories are included with this filing.

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


Donald L. Soderberg

Attachments

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, 2010	1.24	1.26	1.54	1.54

^{1/} The Tax Liability Factors will be used in accordance with the Company'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: June 8, 2010</p> <p>Effective: July 1, 2010</p> <p>Advice Letter No.: <u>462</u></p>	<p>Issued by John P. Hester Senior Vice President</p>	
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**SOUTHWEST GAS - NORTHERN NEVADA
TAX LIABILITY FACTOR - JUNE 1, 2010 COMPUTATION
BASED ON \$1,000 CONTRIBUTION AND 15 YEAR DEPRECIATION PERIOD**

Regular MACRS

LINE NO.	YEAR	BEGINNING TAX PAYMENT BALANCE	YEARLY TAX BENEFIT	ENDING TAX PAYMENT BALANCE	CURRENT AUTHORIZED PRETAX RETURN 10.87%	CURRENT CUSTOMER DEPOSIT RATE 0.220% PV FACTOR	PRESENT VALUE	TAX SAVINGS CALCULATION					LINE NO.
								TAX DEPRECIATION RATE	TAX DEPRECIATION	ANNUAL TAX DEPRECIATION	ANNUAL TAX SAVINGS AT 35%		
1	1	350.00	17.50	332.50	36.13	0.9989	36.090	1	1,000	5.000%	50.00	17.50	1
2	2	332.50	33.25	299.25	32.51	0.9967	32.410	2	1,000	9.500%	95.00	33.25	2
3	3	299.25	29.93	269.33	29.26	0.9945	29.100	3	1,000	8.550%	85.50	29.93	3
4	4	269.33	26.95	242.38	26.33	0.9923	26.130	4	1,000	7.700%	77.00	26.95	4
5	5	242.38	24.26	218.12	23.70	0.9902	23.470	5	1,000	6.930%	69.30	24.26	5
6	6	218.12	21.81	196.32	21.33	0.9880	21.070	6	1,000	6.230%	62.30	21.81	6
7	7	196.32	20.65	175.67	19.09	0.9858	18.820	7	1,000	5.900%	59.00	20.65	7
8	8	175.67	20.65	155.02	16.84	0.9837	16.570	8	1,000	5.900%	59.00	20.65	8
9	9	155.02	20.69	134.33	14.60	0.9815	14.330	9	1,000	5.910%	59.10	20.69	9
10	10	134.33	20.65	113.68	12.35	0.9793	12.100	10	1,000	5.900%	59.00	20.65	10
11	11	113.68	20.69	93.00	10.10	0.9772	9.870	11	1,000	5.910%	59.10	20.69	11
12	12	93.00	20.65	72.35	7.86	0.9750	7.660	12	1,000	5.900%	59.00	20.65	12
13	13	72.35	20.69	51.66	5.61	0.9729	5.460	13	1,000	5.910%	59.10	20.69	13
14	14	51.66	20.65	31.01	3.37	0.9708	3.270	14	1,000	5.900%	59.00	20.65	14
15	15	31.01	20.69	10.33	1.12	0.9686	1.090	15	1,000	5.910%	59.10	20.69	15
16	16	10.33	10.33	(0.00)	(0.00)	0.9665	-	16	1,000	2.950%	29.50	10.33	16
TOTAL			<u>350.00</u>				<u>257.44</u>	TOTAL		100.00%		<u>350.00</u>	

CONVERSION TO PERCENTAGE PER DOLLAR OF CONTRIBUTION 25.74%

GROSS-UP FACTOR 1 + 25.74% = Rounded 1.257 or 1.26 NO CHANGE

ASSUMPTIONS (Docket No. 09-05001)

FEDERAL INCOME TAX RATE 35% (Signed into law on 08/10/93)
 CUSTOMER DEPOSIT RATE (NRS 704.655) 0.220% 26 WK TREASURY BILL DISCOUNT RATE ONLINE Auction Date - 06/01/10
 AUTHORIZED RATE OF RETURN (NAC 704.6532) 10.87%

Description	Weighted ROR	*Gross-up Tax Rate	Pretax ROR
Debt	3.18%		3.18%
Preferred Stock	0.33%		0.33%
Equity	4.78%	1.538462	7.35%
Total Pretax Return Rate			<u>10.87%</u>

Docket No. 09-04003

*Equals (1/(1- federal tax rate of 35%))

SOUTHWEST GAS - SOUTHERN NEVADA
TAX LIABILITY FACTOR - JUNE 1, 2010 COMPUTATION
BASED ON \$1,000 CONTRIBUTION AND 15 YEAR DEPRECIATION PERIOD

Regular MACRS

LINE NO.	YEAR	BEGINNING TAX PAYMENT BALANCE	YEARLY TAX BENEFIT	ENDING TAX PAYMENT BALANCE	CURRENT AUTHORIZED PRETAX RETURN 9.97%	CURRENT CUSTOMER DEPOSIT RATE 0.220% PV	PRESENT VALUE	TAX SAVINGS CALCULATION				ANNUAL TAX SAVINGS AT 35% RATE	LINE NO.
								TAX DEPRECIATION RATE	TAX DEPRECIATION	ANNUAL TAX DEPRECIATION	ANNUAL TAX SAVINGS AT 35% RATE		
1	1	350.00	17.50	332.50	33.16	0.9989	33.130	1	1,000	5.000%	50.00	17.50	1
2	2	332.50	33.25	299.25	29.85	0.9967	29.750	2	1,000	9.500%	95.00	33.25	2
3	3	299.25	29.93	269.33	26.86	0.9945	26.710	3	1,000	8.550%	85.50	29.93	3
4	4	269.33	26.95	242.38	24.17	0.9923	23.990	4	1,000	7.700%	77.00	26.95	4
5	5	242.38	24.26	218.12	21.75	0.9902	21.540	5	1,000	6.930%	69.30	24.26	5
6	6	218.12	21.81	196.32	19.58	0.9880	19.340	6	1,000	6.230%	62.30	21.81	6
7	7	196.32	20.65	175.67	17.52	0.9858	17.270	7	1,000	5.900%	59.00	20.65	7
8	8	175.67	20.65	155.02	15.46	0.9837	15.210	8	1,000	5.900%	59.00	20.65	8
9	9	155.02	20.69	134.33	13.40	0.9815	13.150	9	1,000	5.910%	59.10	20.69	9
10	10	134.33	20.65	113.68	11.34	0.9793	11.100	10	1,000	5.900%	59.00	20.65	10
11	11	113.68	20.69	93.00	9.28	0.9772	9.060	11	1,000	5.910%	59.10	20.69	11
12	12	93.00	20.65	72.35	7.22	0.9750	7.040	12	1,000	5.900%	59.00	20.65	12
13	13	72.35	20.69	51.66	5.15	0.9729	5.010	13	1,000	5.910%	59.10	20.69	13
14	14	51.66	20.65	31.01	3.09	0.9708	3.000	14	1,000	5.900%	59.00	20.65	14
15	15	31.01	20.69	10.33	1.03	0.9686	1.000	15	1,000	5.910%	59.10	20.69	15
16	16	10.33	10.33	(0.00)	(0.00)	0.9665	-	16	1,000	2.950%	29.50	10.33	16
TOTAL			350.00				236.30	TOTAL		100.00%		350.00	

CONVERSION TO PERCENTAGE PER DOLLAR OF CONTRIBUTION 23.63%

GROSS-UP FACTOR $1 + 23.63\% =$ Rounded 1.236 or 1.24 NO CHANGE

ASSUMPTIONS (Docket No. 09-05001)

FEDERAL INCOME TAX RATE 35% (Signed into law on 08/10/93)
CUSTOMER DEPOSIT RATE (NRS 704.655) 0.220% 26 WK TREASURY BILL DISCOUNT RATE ONLINE Auction Date - 06/01/10
AUTHORIZED RATE OF RETURN (NAC 704.6532) 9.97%

Description	Weighted ROR	*Gross-up Tax Rate	Pretax ROR
Debt	2.29%		2.29%
Preferred Stock	0.33%		0.33%
Equity	4.78%	1.538462	7.35%
Total Pretax Return Rate			9.97%

Docket No. 09-04003

*Equals $(1/(1 - \text{federal tax rate of } 35\%))$

Draft Notice Application for Applications, Petitions and Complaints

Page 1 of 2

The Commission requires a draft notice be included with all applications, petitions and complaints. See Nevada Administrative Code 703.162. Please include one copy of this form with your filing.

- I. Include a title that describes the relief requested, or proceeding scheduled pursuant to Nevada Administrative Code (“NAC”) 703.160 (5)(a.)

Advice Letter No. 462 updating 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.

- II. Include the name of the applicant, complainant, petitioner, or the name of the agent for same pursuant to NAC 703.160 (5)(b).

Southwest Gas Corporation

- III. Include a paragraph with a brief description of the purpose of the filing or proceeding with an introductory statement in plain English understandable to a person of average knowledge and intelligence, that summarizes the relief requested or proceeding scheduled, AND its impact upon consumers, pursuant to NAC 704.160 (5)(c).

Southwest is updating 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. The 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, 2010. There is no change to the Tax Liability Factor.

- IV. A declaration by the applicant, petitioner, or complainant whether a consumer session is required by Nevada Revised Statute (“NRS”) 704.069 (1). NAC 703.162 (2)¹

A consumer session for this filing is not required.

- V. If the draft notice pertains to a tariff filing, please include the tariff number and the section number(s) or schedule number(s) being revised.

Southwest is requesting approval to modify the following in its Nevada Gas Tariff No. 7: Statement of Rates, Tax Liability Factors, Sheet No. 14.

¹ **NRS 704.069 Commission required to conduct consumer session for certain rate cases; Commission required to conduct general consumer session annually in certain counties.**

1. The Commission shall conduct a consumer session to solicit comments from the public in any matter pending before the Commission pursuant to NRS 704.061 to 704.110, inclusive, in which:

(a) A public utility has filed a general rate application, an application to recover the increased cost of purchased fuel, purchased power, or natural gas purchased for resale or an application to clear its deferred accounts; and

(b) The changes proposed in the application will result in an increase in annual gross operating revenue, as certified by the applicant, in an amount that will exceed \$50,000 or 10 percent of the applicant's annual gross operating revenue, whichever is less.

2. In addition to the case-specific consumer sessions required by subsection 1, the Commission shall, during each calendar year, conduct at least one general consumer session in the county with the largest population in this state and at least one general consumer session in the county with the second largest population in this state. At each general consumer session, the Commission shall solicit comments from the public on issues concerning public utilities. Not later than 60 days after each general consumer session, the Commission shall submit the record from the general consumer session to the Legislative Commission.