



SOUTHWEST GAS CORPORATION

July 7, 2005

TO ALL HOLDERS OF
SOUTHWEST GAS CORPORATION
CALIFORNIA – SOUTH LAKE TAHOE GAS TARIFF

Subject: Revision No. 1 (Advice Letter 735)

The attached tariff sheets reflect the authorization by the California Public Utilities Commission's (Commission), Decision No. 05-03-010, in Southwest's Application 04-09-009. The Decision approved the settlement agreement among Southwest Gas Corporation (Southwest), Avista Corporation, and the Office of Ratepayer Advocates setting forth the terms and conditions of the sale of Avista's South Lake Tahoe properties to Southwest. The terms and conditions required Southwest to implement a monthly gas cost adjustment mechanism in South Lake Tahoe and that all Northern California customers would pay the same cost of gas.

With this revision, Southwest is implementing a monthly gas adjustment process whereby the South Lake Tahoe and existing Southwest customers' gas cost and gas cost-related balancing account are merged and all of Southwest's Northern California customers pay the same monthly gas costs.

For core sales customers, the July 7, 2005 cost of gas, including adjustment for franchise and uncollectibles, is \$0.65116 per therm for Southwest's South Lake Tahoe District, and the TFF Surcharge rate is \$0.00961 per therm.

Please make the following changes in your copy of Southwest's South Lake Tahoe Gas Tariff:

<u>Cal. P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Cal. P.U.C. Sheet No.</u>
25	Statement of Rates – South Lake Tahoe District	25
26	Statement of Rates – South Lake Tahoe District	26

(Continued)

Randall W. Sable
Manager, State Regulatory Affairs

RWS:vo
Attachments