

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



December 30, 2015

**Advice Letter 994-G**

Justin Lee Brown  
Vice-President/Regulatory Affairs  
Southwest Gas Corporation  
PO Box 98510  
Las Vegas, NV 89193-8510

**SUBJECT: Update Balancing Account Surcharges, Adjust Transportation and Storage Rates and Incorporate GHG Costs and Forecasts Pursuant to D.15-10-032**

Dear Mr. Brown:

Advice Letter 994-G is effective as of December 30, 2015.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph  
Director, Energy Division



## **SOUTHWEST GAS CORPORATION**

Justin Lee Brown, Vice President/Regulation and Public Affairs

November 30, 2015

ATTN: Tariff Unit, Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4005  
San Francisco, CA 94102

Subject: Southwest Gas Corporation (U 905 G)  
Advice Letter No. 994

Enclosed herewith is one (1) copy of Southwest Gas Corporation's Advice Letter No. 994, together with California Gas Tariff Sheet Nos. 65-71.

Sincerely,

Justin Lee Brown  
Vice President/Regulation & Public Affairs

JLB:jjp  
Enclosures



# SOUTHWEST GAS CORPORATION

Advice Letter No. 994

November 30, 2015

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Southwest Gas Corporation (Southwest Gas or Company) (U 905 G) tenders herewith for filing the following tariff sheets:

Cal. P.U.C. Sheet No.	California Gas Tariff Title of Sheet	Canceling Cal. P.U.C. Sheet No.
64th Revised Sheet No. 65	Statement of Rates - Rates Applicable to Southern California Service Area	63rd Revised Sheet No. 65
65th Revised Sheet No. 66	Statement of Rates - Rates Applicable to Southern California Service Area	63rd Revised Sheet No. 66
49th Revised Sheet No. 67	Statement of Rates - Rates Applicable to Southern California Service Area	46th Revised Sheet No. 67
64th Revised Sheet No. 68	Statement of Rates - Rates Applicable to Northern California Service Area	63rd Revised Sheet No. 68
65th Revised Sheet No. 69	Statement of Rates - Rates Applicable to Northern California Service Area	63rd Revised Sheet No. 69
31st Revised Sheet No. 70	Statement of Rates - Rates Applicable to South Lake Tahoe Service Area	30th Revised Sheet No. 70
65th Revised Sheet No. 71	Statement of Rates - Rates Applicable to South Lake Tahoe Service Area	63rd Revised Sheet No. 71

### Purpose

The purpose of this filing is to update balancing account surcharges related to the Fixed Cost Adjustment Mechanism (FCAM) and the Interstate Transportation Cost Adjustment Mechanism (ITCAM) and to update transportation and storage rates applicable to Southwest Gas' Southern California, Northern California and South Lake Tahoe Divisions. This filing also incorporates a new section related to Greenhouse Gas (GHG) costs and allowance proceeds pursuant to Ordering Paragraphs (OP) 1, 2, 4-6, 8 and 11 in Decision (D.) 15-10-032.

### **1) Annual Adjustments**

The calculation of Southwest Gas' 2016 FCAM and ITCAM balancing account surcharges and upstream transportation and storage rates, Schedules I and II (Attachment 1), for Southwest Gas' Southern California Division, Northern California Division, and South Lake Tahoe Division, respectively.



The combined effect of these changes will result in annual revenue decrease of approximately \$2.6 million or 2.1 percent in the Southern California Division, an increase of \$2.1 million or 6.1 percent in the Northern California Division, and a decrease of \$2.4 million or 8.6 percent in the South Lake Tahoe District.

## 2) GHG Costs and Allowance Proceeds

### *Background*

On March 13, 2014, the Commission issued Rulemaking (R.) 14-03-003, "...to establish the policy, programs, rules and tariffs necessary for natural gas investor-owned utilities (natural gas corporations) to comply with the California Air Resource Board's (ARB) Greenhouse Gas (GHG) Cap-and-Trade Program."<sup>1</sup> R.14-03-003 was bifurcated into two phases. Phase 1 addressed matters, such as authority for purchasing compliance instruments and the establishment of balancing accounts for GHG compliance costs and allowance revenues, which were necessary for the natural gas utilities to begin complying with the Cap-and-Trade regulations on January 1, 2015. Phase 2 was reserved for all remaining issues, including the return of GHG allowance revenues and customer outreach and education costs. D.14-12-040 was issued on December 18, 2014 and approved, with modifications, a Joint Settlement Agreement<sup>2</sup> addressing most Phase 1 issues, yet deferred consideration of minimum consignment percentages, GHG cost recovery, and each utility's 2015 cost forecast to Phase 2.<sup>3</sup>

On October 22, 2015, the Commission issued D.15-10-032 resolving Phase 2 issues, including,

...methodologies for natural gas utilities to use when calculating forecast and recorded GHG allowance proceeds and GHG costs associated with complying with Cap-and-Trade, and it approves an advice letter process for the utilities to use when forecasting and reconciling reasonable GHG costs and allowance proceeds. Today's decision approves the 2015 forecasts presented in the utilities' preliminary statements and requires the utilities to include GHG costs in customers' rates on an equal-cents-per-therm basis. The decision also adopts a natural gas California Climate Credit for residential customer of those utilities.<sup>4</sup>

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<sup>1</sup> R.14-03-003, pg. 2.

<sup>2</sup> Parties to the Joint Settlement Agreement were Southwest Gas, Pacific Gas & Electric Company (PG&E), Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E), and the Office of Ratepayer Advocates.

<sup>3</sup> D.14-12-040, pgs. 23, 39.

<sup>4</sup> D.15-10-032, pgs. 2-3.



The Commission directs the natural gas utilities to utilize the tables provided in Appendix A to D.15-10-032 to forecast its 2016 GHG costs and allowance proceeds and also include a "...narrative summary describing activities completed in the current year, including any deviations from what was forecasted for the current year, and projecting activities in the forecast year..."<sup>5</sup> Southwest Gas' completed Appendix A tables are included in Attachment 2. A brief description of each table along with a brief summary of the current year activities as well as activities anticipated for 2016 are set forth below.

#### ***Table A – Forecasted Revenue Requirement***

Table A shows the Company's calculation of the forecasted revenue requirement associated with its forecasted 2016 GHG costs. Pursuant to OP 8 in D.15-10-032, Southwest Gas has amortized 50 percent of its 2015 forecasted costs and allowance proceeds<sup>6</sup> in 2016 rates and will include the remaining 50 percent of its 2015 forecasted costs and allowance proceeds when it files its Advice Letter for 2017 rates in November 2016. Additionally, actual costs for 2015 have not been included in the Company's calculation of its 2016 rates and will instead be included in the Company's November 2016 Advice Letter filing.

Southwest Gas considers certain information contained in Table A confidential, including Gross Throughput (Line 1), Throughput to Covered Entities (Line 2) and Covered Entity Rate Impact (Line 21), and is providing it to the Energy Division confidentially under separate cover pursuant to General Order (GO) 66-C, PU Code § 583 and D.15-10-032.

#### ***Table B – Recorded GHG Costs***

Southwest Gas has included recorded costs Table B utilizing the weighted average cost methodology. Because Table B contains confidential information, it is being provided to the Energy Division confidentially under separate cover pursuant to GO 66-C, PU Code § 583 and D.15-10-032.

#### ***Table C – GHG Allowance Proceeds***

Under the Cap-and-Trade Program, the California Air Resources Board (CARB) annually allocates GHG allowances to natural gas utilities for the benefit of their ratepayers, and CARB requires the utilities to consign a minimum percentage of the allowances for sale in CARB's allowance auctions, with consignment requirements beginning at 25 percent in 2015 and increasing 5 percent annually through 2020.<sup>7</sup> The Commission found it appropriate to return allowance proceeds received from the sale of GHG allowances to residential customers only as an on-bill credit annually each April, beginning in 2016. The credit, referred to as the natural gas California Climate Credit,

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<sup>5</sup> D.15-10-032, pg. 19.

<sup>6</sup> OP 1 in D.15-10-032 adopted Southwest Gas' 2015 forecasts contained in its Preliminary Statement filed on January 20, 2015 pursuant to D.14-12-040 (Preliminary Statement).

<sup>7</sup> D.15-10-032, pg. 5



will be calculated as the forecast GHG allowance proceeds remaining after subtracting the outreach and administrative expenses from the total allowance proceeds and dividing the result by the number of residential households.<sup>8</sup>

Pursuant to OP 8 in D.15-10-032, the calculation of Southwest Gas' 2016 California Climate Credit includes 2016 forecasted allowance proceeds and 50 percent of its forecasted allowance proceeds included in its Preliminary Statement. Southwest Gas did not forecast administrative and outreach expenses for 2015. However, the Company's forecasted 2016 outreach and administrative expenses were deducted from the proceeds received from the consignment of 25 percent of its GHG allowances in 2015 prior to the calculation of the 2016 California Climate Credit. Southwest Gas' administrative and outreach expenses are discussed further below.

Southwest Gas' 2016 California Climate Credit is \$21.25.

#### ***Table D – Outreach and Administrative Expenses***

As noted above, Southwest Gas did not forecast outreach and administrative expenses in 2015. For 2016, the Commission directed Southwest Gas, PG&E and SDG&E to conduct limited outreach and education activities targeted to residential customers that will receive the California Climate Credit, including methods such as bill inserts, bill onserts, email notices, newsletters and information on the utilities' websites.<sup>9</sup> Additionally, the Commission directed that each of the utilities' proposed education and outreach programs should include mechanisms for tracking and measuring effectiveness.<sup>10</sup> Southwest Gas 2016 forecasted outreach and education expenses are approximately \$65,500. Attachment 3 contains a description of Southwest Gas proposed methods of outreach.

Although Southwest Gas anticipates an extensive amount of programming and testing needed to implement the California Climate Credit on residential bills, the costs are not incremental. Therefore, Southwest Gas has not included forecasted administrative expenses for 2016. However, expenses (i.e., overtime labor) may be incurred to achieve the required April 2016 implementation and will be appropriately recorded in the Company's GHG Memorandum Account.

#### ***Table E – Compliance Obligation Over Time***

Southwest Gas has not provided emissions data in Table E. Emissions data for 2015 will not be reported and verified until 2016.

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<sup>8</sup> D.15-10-032, pg. 37.

<sup>9</sup> D.15-10-032, pg. 51 & OP 17.

<sup>10</sup> D.15-10-032, pg. 51.



### ***Compliance Instrument Procurement Limit***

The Commission adopted a GHG compliance instrument procurement limit formula for the natural gas utilities in D.14-12-040. Pursuant to D.15-10-032, procurement limits shall be provided to the Energy Division confidentially. As such, Southwest Gas will provide its annual GHG procurement limit to the Energy Division under separate cover.

#### *Cost Recovery*

Pursuant to OP 7 in D.15-10-032, Southwest Gas will submit a one-time Tier 1 Advice Letter by April 1, 2016, to recover its 2015 (50 percent) and 2016 forecasted costs included in Attachment 2 and approved in this Advice Letter.

#### **Effective Date**

Southwest Gas believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after Energy Division approval) pursuant to GO 96-B. Southwest Gas respectfully requests the adjustments to balancing account surcharges applicable to FCAM, ITCAM as well as updates to the upstream pipeline transportation and storage rates proposed herein be approved December 30, 2015, which is thirty (30) calendar days from the date of filing, with rates effective January 1, 2016. In addition, Southwest Gas requests that its 2015 and 2016 forecasted GHG costs be approved December 30, 2015, and included in rates effective April 1, 2016, pursuant to OP 7 in D.15-10-032.

#### **Protest**

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based with specificity, and should be submitted expeditiously. The protest must be sent no later than 20 days after the date of this Advice Letter filing and shall be sent by letter via U.S. Mail, facsimile, or electronically mailed. The address for mailing or delivering a protest to the Commission is:

Energy Division  
California Public Utilities Commission  
Attention: Investigation, Monitoring & Compliance Program Manager  
505 Van Ness Avenue, Room 4002  
San Francisco, CA 94102  
E-mail: [edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)  
Facsimile: 415-703-2200

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004, at the same address as above and mailed or faxed to:



Advice Letter No. 994  
Page 6  
November 30, 2015

**Protest (Continued)**

Mr. Justin Lee Brown  
Vice President/Regulation & Public Affairs  
Southwest Gas Corporation  
P.O. Box 98510  
Las Vegas, NV 89193-8510  
Facsimile: 702-364-3452

**Notice**

Pursuant to Energy Industry Rule 3.1(1), Southwest Gas is exempt from the notice requirements set forth in General Rule 4.2 in GO 96-B since the adjustments proposed herein are being filed pursuant to Southwest Gas' approved California Tariff and D.15-10-032.

**Service**

In accordance with GO 96-B, General Rule 4.3, Southwest Gas is mailing copies of this advice letter and related tariff sheets to the utilities and interested parties shown on the attached list.

Communications regarding this filing should be directed to:

Valerie J. Ontiveroz  
Regulatory Manager/California  
Southwest Gas Corporation  
P.O. Box 98510  
Las Vegas, NV 89193-8510  
Telephone: 702-876-7323  
E-mail: [valerie.ontiveroz@swgas.com](mailto:valerie.ontiveroz@swgas.com)

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By

Justin Lee Brown

Attachments



**Distribution List**

Advice Letter No. 994

In conformance with GO 96-B, General Rule 4.3

The following individual has been served by regular, first-class mail:

Joe Como, Acting Director  
Office of Ratepayer Advocates  
California Public Utilities Commission  
505 Van Ness Avenue, 4th Floor  
San Francisco, CA 94105

The following individuals or entities have been served by electronic mail:

Pacific Gas & Electric Company  
[PGETariffs@pge.com](mailto:PGETariffs@pge.com)

Southern California Gas Company  
[SNewsom@semprautilities.com](mailto:SNewsom@semprautilities.com)

San Diego Gas & Electric Company  
[SDG&ETariffs@SempraUtilities.com](mailto:SDG&ETariffs@SempraUtilities.com)

Robert M. Pocta  
Office of Ratepayer Advocates  
California Public Utilities Commission  
[rmp@cpuc.ca.gov](mailto:rmp@cpuc.ca.gov)

Nathaniel Skinner  
Office of Ratepayer Advocates  
California Public Utilities Commission  
[nws@cpuc.ca.gov](mailto:nws@cpuc.ca.gov)

Pearlie Sabino  
Office of Ratepayer Advocates  
California Public Utilities Commission  
[pzs@cpuc.ca.gov](mailto:pzs@cpuc.ca.gov)

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Southwest Gas Corporation (U 905 G)**

Utility type:

ELC       GAS  
 PLC       HEAT     WATER

Contact Person: **Valerie J. Ontiveroz**

Phone #: **(702) 876-7323**

E-mail: **valerie.ontiveroz@swgas.com**

**EXPLANATION OF UTILITY TYPE**

ELC = Electric    GAS = Gas  
PLC = Pipeline   HEAT = Heat      WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **994**

Subject of AL: **Update balancing account surcharges, adjust transportation and storage rates and incorporate GHG costs and forecasts pursuant to D.15-10-032.**

Keywords (choose from CPUC listing): **Balancing Account Surcharges/Transportation & Storage Rates**

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL **Not applicable**

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: **Not applicable**

Resolution Required?  Yes  No

Requested effective date: **January 1, 2016 and April 1, 2016**      No. of tariff sheets: **7**

Estimated system annual revenue effect (%): **(2.05%) SCA, 6.06% NCA and (8.60%) SLT**

Estimated system average rate effect (%): **(2.05%) SCA, 6.06% NCA and (8.60%) SLT**

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: **Not applicable**

Service affected and changes proposed<sup>11</sup>: **See 'Subject of AL' above**

Pending advice letters that revise the same tariff sheets: **AL 990 & AL 992**

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

**CPUC, Energy Division**  
**Attention: Tariff Unit**  
**505 Van Ness Ave.**  
**San Francisco, CA 94102**  
**E-mail: [edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)**

**Utility Info (including e-mail)**  
**Mr. Justin Lee Brown,**  
**Vice President/Regulation & Public Affairs**  
**Southwest Gas Corporation**  
**P. O. Box 98510**  
**Las Vegas, NV 89193-8510**  
**E-mail: [justin.brown@swgas.com](mailto:justin.brown@swgas.com)**  
**Facsimile: 702-364-3452**

<sup>11</sup> Discuss in AL if more space is needed.

**STATEMENT OF RATES**  
**RATES APPLICABLE TO SOUTHERN CALIFORNIA SERVICE AREA [1]**

Schedule No. and Type of Charge	Margin	Charges [2]		Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate	
		and Adjustments			CPUC	PPP			
<b>GS-10-Residential Gas Service</b>									
Basic Service Charge	\$ 5.00							\$ 5.00	
Cost per Therm									
Baseline Quantities	\$ .62467	\$ .29643	\$ .92110	\$ .00068	\$ .10346	\$ .27208	\$ 1.29732		R
Tier II	.79594	.29643	1.09237	.00068	.10346	.27208	1.46859		R
<b>GS-11-Residential Air-Conditioning Gas Service</b>									
Basic Service Charge	\$ 5.00							\$ 5.00	
Cost per Therm									
Tier I	\$ .62467	\$ .29643	\$ .92110	\$ .00068	\$ .10346	\$ .27208	\$ 1.29732		R
Tier II	.79594	.29643	1.09237	.00068	.10346	.27208	1.46859		R
Air-Conditioning	.31234	.29643	.60877	.00068	.10346	.27208	.98499		R
<b>GS-12-CARE Residential Gas Service</b>									
Basic Service Charge	\$ 4.00							\$ 4.00	
Cost per Therm									
Baseline Quantities	\$ .38603	\$ .29643	\$ .68246	\$ .00068	\$ .04474	\$ .27208	\$ .99996		R
Tier II	.52305	.29643	.81948	.00068	.04474	.27208	\$ 1.13698		R
<b>GS-15-Secondary Residential Gas Service</b>									
Basic Service Charge	\$ 6.00							\$ 6.00	
Cost per Therm	\$ .96587	\$ .29643	\$ 1.26230	\$ .00068	\$ .10346	\$ .27208	\$ 1.63852		R
<b>GS-20-Multi-Family Master-Metered Gas Service</b>									
Basic Service Charge	\$25.00							\$25.00	
Cost per Therm									
Baseline Quantities	\$ .62467	\$ .29643	\$ .92110	\$ .00068	\$ .10346	\$ .27208	\$ 1.29732		R
Tier II	.79594	.29643	1.09237	.00068	.10346	.27208	1.46859		R
<b>GS-25 -Multi-Family Master-Metered Gas Service-Submetered</b>									
Basic Service Charge	\$25.00							\$25.00	
Cost per Therm									
Baseline Quantities	\$ .62467	\$ .29643	\$ .92110	\$ .00068	\$ .10346	\$ .27208	\$ 1.29732		R
Tier II	.79594	.29643	1.09237	.00068	.10346	.27208	1.46859		R
Submetered Discount per Occupied Space	(\$7.69)						(\$7.69)		
<b>GS-35-Agriculture Employee Housing &amp; Nonprofit Group Living Facility Gas Service</b>									
Basic Service Charge	\$ 8.80							\$ 8.80	
Cost per Therm									
First 100	\$ .34661	\$ .29643	.64304	\$ .00068	\$ .04474	\$ .27208	\$ .96055		R
Next 500	.22331	.29643	.51974	.00068	.04474	.27208	.83725		R
Next 2,400	.12467	.29643	.42110	.00068	.04474	.27208	.73861		R
Over 3,000	(.00265)	.29643	.29378	.00068	.04474	.27208	.61129		R
<b>GS-40-Core General Gas Service</b>									
Basic Service Charge	\$11.00							\$11.00	
Transportation Service Charge	\$780.00							\$780.00	
Cost per Therm									
First 100	\$ .57540	\$ .29643	\$ .87183	\$ .00068	\$ .10346	\$ .27208	\$ 1.24805		R
Next 500	.42128	.29643	.71771	.00068	.10346	.27208	1.09393		R
Next 2,400	.29798	.29643	.59441	.00068	.10346	.27208	.97063		R
Over 3,000	.13883	.29643	.43526	.00068	.10346	.27208	.81148		R

**STATEMENT OF RATES**  
**RATES APPLICABLE TO SOUTHERN CALIFORNIA SERVICE AREA [1]**

Schedule No. and Type of Charge	Margin	Charges [2] and Adjustments		Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate	
					CPUC	PPP			
<b>GS-50-Core Natural Gas Service for Motor Vehicles</b>									
Basic Service Charge	\$25.00							\$25.00	
Cost per Therm	\$ .11199	\$ .29643	\$ .40842	\$ .00068	\$ .10346	\$ .27208	\$ .78464		R
<b>GS-60-Core Internal Combustion Engine Gas Service</b>									
Basic Service Charge	\$25.00							\$25.00	
Cost per Therm	\$ .16584	\$ .29643	\$ .46227	\$ .00068	\$ .10346	\$ .27208	\$ .83849		R
<b>GS-LUZ-Solar Electric Generation Gas Service</b>									
Basic Service Charge	\$50.00							\$50.00	
Cost per Therm	\$ .04800	\$ .17135	\$ .21935	\$ .00068			\$ .22003		R/P
<b>GS-66-Core Small Electric Power Generation Gas Service</b>									
Basic Service Charge	\$25.00							\$25.00	
Cost per Therm	\$ .23008	\$ .29643	\$ .52651	\$ .00068		\$ .27208	\$ .79927		R
<b>GS-70-Noncore General Gas Transportation Service</b>									
Basic Service Charge	\$100.00							\$100.00	
Transportation Service Charge	\$780.00							\$780.00	
Cost per Therm	\$ .12099	\$ .19681	\$ .31780	\$ .00068	\$ .10346		\$ .42194		R
<b>GS-VIC City of Victorville Gas Service</b>									
Basic Service Charge	\$11.00							\$ 11.00	
Transportation Service Charge	\$780.00							\$780.00	
Cost per Therm	\$ .34024	\$ .29636	\$ .63660	\$ .00068		\$ .27208	\$ .90936		R
<b>TFF-Transportation Franchise Fee Surcharge Provision</b>									
TFF Surcharge per Therm								\$ .00335	
<b>TDS - Transportation Distribution System Shrinkage Charge</b>									
TDS Charge per Therm								\$ .00207	
<b>MHPS-Master-Metered Mobile Home Park Safety Inspection Provision</b>									
MHPS Surcharge per Space per Month								\$ .21000	

**STATEMENT OF RATES**  
**EFFECTIVE RATES APPLICABLE TO SOUTHERN CALIFORNIA DIVISION SCHEDULES [1]**

Schedule No. and Type of Change	Margin	Charges [2] and Adjustments	Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
				CPUC	PPP		
<p>[1] Customers taking only transportation service will pay the Effective Sales Rate less the Interstate Reservation and Gas Cost components of the Effective Sales Rate, plus a Transportation Service Charge of \$780 per month and an amount for distribution shrinkage calculated by multiplying the currently effective Gas Cost rate per therm by the Lost and Unaccounted For Gas percentage of 0.76%. The PGA Balancing Account Adjustment is applicable to customers converting from sales service to transportation service for a period of 12 months. The volume charge for customer-secured natural gas transportation will also be subject to the TFF Surcharge.</p> <p>[2] The Charges and Adjustments applicable to each tariff rate schedule includes the following components:</p>							
		GS-10, GS-11, GS-35, GS-12, GS-40, GS-15, GS-50, GS-20, GS-60, GS-25 GS-66	GS-70	GS-VIC	GS-LUZ		
<b>Upstream Intrastate Charges</b>							
Storage	\$	.01471		\$ .01471			I
Variable		.02724	\$ .02724	.02724			R
<b>Upstream Interstate Reservation Charges</b>							
IRRAM Surcharge		.06498		.06498			I
<b>Balancing Account Adjustments</b>							
FCAM*		.19128	.17135	.19128	\$ .17135		R/P
ITCAM	(	.00185)	( .00185)	( .00185)			R
GHGBA**							P
Non-Covered Entities							P
Covered Entities							P
<b>Total Rate Adjustment</b>	<b>\$</b>	<b>.29643</b>	<b>\$ .19681</b>	<b>\$ .29636</b>	<b>\$ .17135</b>		

\* The FCAM surcharge includes an amount of \$.17135 per therm related to the difference between Southwest Gas' authorized margin and recorded revenues intended to recover these costs. R

\*\* Pursuant to D.15-10-032, Company costs incurred to comply with the California Air Resources Board (ARB) natural gas supplier Cap-and-Trade Program are to be included in transportation rates and recovered from Non-Covered Entities. Covered Entities, who are directly regulated by the ARB, are only responsible for paying for emission costs related to lost and unaccounted for gas (LUA). P  
P  
P

**STATEMENT OF RATES**  
**RATES APPLICABLE TO NORTHERN CALIFORNIA SERVICE AREA [1] [2]**

Schedule No. and Type of Charge	Margin	Charges [3] and Adjustments	Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
				CPUC	PPP		
<b>GN-10-Residential Gas Service</b>							
Basic Service Charge	\$ 5.00						\$ 5.00
Cost per Therm							
Baseline Quantities	\$ .68838	\$ .43006	\$ 1.11844	\$ .00068	\$ .05803	\$ .27889	\$ 1.45604
Tier II	.79919	.43006	1.22925	.00068	.05803	.27889	1.56685
<b>GN-12-CARE Residential Gas Service</b>							
Basic Service Charge	\$ 4.00						\$ 4.00
Cost per Therm							
Baseline Quantities	\$ .40891	\$ .43006	\$ .83897	\$ .00068	\$ .04474	\$ .27889	\$ 1.16328
Tier II	.49756	.43006	.92762	.00068	.04474	.27889	1.25193
<b>GN-15-Secondary Residential Gas Service</b>							
Basic Service Charge	\$ 6.00						\$ 6.00
Cost per Therm	\$ .82966	\$ .43006	\$ 1.25972	\$ .00068	\$ .05803	\$ .27889	\$ 1.59732
<b>GN-20-Multi-Family Master-Metered Gas Service</b>							
Basic Service Charge	\$25.00						\$25.00
Cost per Therm							
Baseline Quantities	\$ .68838	\$ .43006	\$ 1.11844	\$ .00068	\$ .05803	\$ .27889	\$ 1.45604
Tier II	.79919	.43006	1.22925	.00068	.05803	.27889	1.56685
<b>GN-25-Multi-Family Master-Metered Gas Service-Submetered</b>							
Basic Service Charge	\$25.00						\$25.00
Cost per Therm							
Baseline Quantities	\$ .68838	\$ .43006	\$ 1.11844	\$ .00068	\$ .05803	\$ .27889	\$ 1.45604
Tier II	.79919	.43006	1.22925	.00068	.05803	.27889	1.56685
Submetered Discount per Occupied Space	(\$11.01)						(\$11.01)
<b>GN-35-Agriculture Employee Housing &amp; Nonprofit Group Living Facility Gas Service</b>							
Basic Service Charge	\$ 8.80						\$ 8.80
Cost per Therm							
First 100	\$ .31853	\$ .43006	\$ .74859	\$ .00068	\$ .04474	\$ .27889	\$ 1.07290
Next 500	.22564	.43006	.65570	.00068	.04474	.27889	.98001
Next 2,400	.13523	.43006	.56529	.00068	.04474	.27889	.88960
Over 3,000	( .01047)	.43006	.41959	.00068	.04474	.27889	.74390
<b>GN-40-Core General Gas Service</b>							
Basic Service Charge	\$11.00						\$11.00
Transportation Service Charge	\$780.00						\$780.00
Cost per Therm							
First 100	\$ .57540	\$ .43006	\$ 1.00546	\$ .00068	\$ .05803	\$ .27889	\$ 1.34306
Next 500	.45929	.43006	.88935	.00068	.05803	.27889	1.22695
Next 2,400	.34627	.43006	.77633	.00068	.05803	.27889	1.11393
Over 3,000	.16415	.43006	.59421	.00068	.05803	.27889	.93181
<b>GN-50-Core Natural Gas Service for Motor Vehicles</b>							
Basic Service Charge	\$25.00						\$25.00
Cost per Therm	\$ .09577	\$ .43006	\$ .52583	\$ .00068	\$ .05803	\$ .27889	\$ .86343

**STATEMENT OF RATES**  
**RATES APPLICABLE TO NORTHERN CALIFORNIA SERVICE AREA [1] [2]**

Schedule No. and Type of Charge	Margin	Charges [3] and Adjustments		Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
					CPUC	PPP		
<b>GN-60-Core Internal Combustion Engine Gas Service</b>								
Basic Service Charge	\$ 25.00							\$ 25.00
Cost per Therm	\$ .26352	\$ .43006		\$ .69358	\$ .00068	\$ .05803	\$ .27889	\$ 1.03118
<b>GN-66-Core Small Electric Power Generation Gas Service</b>								
Basic Service Charge	\$ 25.00							\$ 25.00
Cost per Therm	\$ .26352	\$ .43006		\$ .69358	\$ .00068		\$ .27889	\$ .97315
<b>GN-70-Noncore General Gas Transportation Service</b>								
Basic Service Charge	\$ 100.00							\$ 100.00
Transportation Service Charge	\$ 780.00							\$ 780.00
Cost per Therm	\$ .15903	\$ .14655		\$ .30554	\$ .00068	\$ .05803		\$ .36425
<b>TFF-Transportation Franchise Fee Surcharge Provision</b>								
TFF Surcharge per Therm								\$ .00376
<b>TDS - Transportation Distribution System Shrinkage Charge</b>								
TDS Charge per Therm								\$ .00156
<b>MHPS-Master-Metered Mobile Home Park Safety Inspection Provision</b>								
MHPS Surcharge per Space per Month								\$ .21000

[1] Customers taking only transportation service will pay the Effective Sales Rate less the Interstate Reservation and Gas Cost components of the Effective Sales Rate, plus a Transportation Service Charge of \$780 per month and an amount for distribution shrinkage calculated by multiplying the currently effective Gas Cost rate per therm by the Lost and Unaccounted For Gas percentage of 0.56%. The PGA Balancing Account Adjustment is applicable to customers converting from sales service to transportation service for a period of 12 months. The volume charge for customer-secured natural gas transportation will also be subject to the TFF Surcharge.

[2] A Franchise Fee differential of 2.5% will be applied to monthly billings calculated for all rate schedules for all customers within the limits of the Town of Truckee.

[3] The Charges and Adjustments applicable to each tariff rate schedule includes the following components:

Charges and Adjustments Description	GN-10, GN-35, GN-12, GN-40, GN-15, GN-50, GN-20, GN-60, GN-25, GN-66		GN-70
Upstream Interstate Charges			
Storage	\$ .02627		
Reservation	.21382		
IRRAM Surcharge	.00004		\$ .00004
Balancing Account Adjustments			
FCAM*	.18993		.14651
GHGBA**			
Non-Covered Entities			
Covered Entities			
<b>Total Rate Adjustment</b>	<b>\$ .43006</b>		<b>\$ .14655</b>

\* The FCAM surcharge includes an amount of \$.14651 per therm related to the difference between Southwest Gas' authorized margin and recorded revenues intended to recover these costs.

\*\* Pursuant to D.15-10-032, Company costs incurred to comply with the California Air Resources Board (ARB) natural gas supplier Cap-and-Trade Program are to be included in transportation rates and recovered from Non-Covered Entities. Covered Entities, who are directly regulated by the ARB, are only responsible for paying for emission costs related to lost and unaccounted for gas (LUAF).

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**STATEMENT OF RATES**  
**RATES APPLICABLE TO SOUTH LAKE TAHOE SERVICE AREA [1]**

Schedule No. and Type of Charge	Margin	Charges [2] and Adjustments		Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
					CPUC	PPP		
<b>SLT-10-Residential Gas Service</b>								
Basic Service Charge	\$ 5.00							\$ 5.00
Cost per Therm								
Baseline Quantities	\$ .30035	\$ .38960	\$ .68995	\$ .00068	\$ .05803	\$ .27889	\$ 1.02755	
Tier II	.38789	.38960	.77749	.00068	.05803	.27889	1.11509	
<b>SLT-12-CARE Residential Gas Service</b>								
Basic Service Charge	\$ 4.00							\$ 4.00
Cost per Therm								
Baseline Quantities	\$ .10658	\$ .38960	\$ .49618	\$ .00068	\$ .04474	\$ .27889	\$ .82049	
Tier II	.17661	.38960	.56621	.00068	.04474	.27889	.89052	
<b>SLT-15-Secondary Residential Gas Service</b>								
Basic Service Charge	\$ 6.00							\$ 6.00
Cost per Therm	\$ .41738	\$ .38960	\$ .80698	\$ .00068	\$ .05803	\$ .27889	\$ 1.14458	
<b>SLT-20-Multi-Family Master-Metered Gas Service</b>								
Basic Service Charge	\$ 11.00							\$ 11.00
Cost per Therm								
Baseline Quantities	\$ .30035	\$ .38960	\$ .68995	\$ .00068	\$ .05803	\$ .27889	\$ 1.02755	
Tier II	.38789	.38960	.77749	.00068	.05803	.27889	1.11509	
<b>SLT-25-Multi-Family Master-Metered Gas Service-Submetered</b>								
Basic Service Charge	\$ 11.00							\$ 11.00
Cost per Therm								
Baseline Quantities	\$ .30035	\$ .38960	\$ .68995	\$ .00068	\$ .05803	\$ .27889	\$ 1.02755	
Tier II	.38789	.38960	.77749	.00068	.05803	.27889	1.11509	
Submetered Discount per Occupied Space	(\$ 7.69)							(\$ 7.69)
<b>SLT-35-Agriculture Employee Housing &amp; Nonprofit Group Living Facility Gas Service</b>								
Basic Service Charge	\$ 8.80							\$ 8.80
Cost per Therm								
First 100	\$ .19510	\$ .38960	\$ .58470	\$ .00068	\$ .04474	\$ .27889	\$ .90901	
Next 500	.14578	.38960	.53538	.00068	.04474	.27889	.85969	
Next 2,400	.09646	.38960	.48606	.00068	.04474	.27889	.81037	
Over 3,000	.00337	.38960	.39297	.00068	.04474	.27889	.71728	
<b>SLT-40-Core General Gas Service</b>								
Basic Service Charge	\$ 11.00							\$ 11.00
Transportation Service Charge	\$ 780.00							\$ 780.00
Cost per Therm								
First 100	\$ .41100	\$ .38960	\$ .80060	\$ .00068	\$ .05803	\$ .27889	\$ 1.13820	
Next 500	.34935	.38960	.73895	.00068	.05803	.27889	1.07655	
Next 2,400	.28770	.38960	.67730	.00068	.05803	.27889	1.01490	
Over 3,000	.17133	.38960	.56093	.00068	.05803	.27889	.89853	
<b>SLT-50-Core Natural Gas Service for Motor Vehicles</b>								
Basic Service Charge	\$ 11.00							\$ 11.00
Cost per Therm	\$ .19809	\$ .38960	\$ .58769	\$ .00068	\$ .05803	\$ .27889	\$ .92529	



**STATEMENT OF RATES**  
**RATES APPLICABLE TO SOUTH LAKE TAHOE SERVICE AREA [1]**

Schedule No. and Type of Charge	Margin	Charges [2] and Adjustments	Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
				CPUC	PPP		
<b>SLT-60-Core Internal Combustion Engine Gas Service</b>							
Basic Service Charge	\$ 11.00						\$ 11.00
Cost per Therm	\$ .22555	\$ .38960	\$ .61515	\$ .00068	\$ .05803	\$ .27889	\$ .95275
<b>SLT-66-Core Small Electric Power Generation Gas Service</b>							
Basic Service Charge	\$ 11.00						\$ 11.00
Cost per Therm	\$ .22555	\$ .38960	\$ .61515	\$ .00068		\$ .27889	\$ .89472
<b>SLT-70-Noncore General Gas Transportation Service</b>							
Basic Service Charge	\$ 100.00						\$ 100.00
Transportation Service Charge	\$ 780.00						\$ 780.00
Cost per Therm	\$ .16163	\$ .10605	\$ .26768	\$ .00068	\$ .05803		\$ .32639
<b>TFF-Transportation Franchise Fee Surcharge Provision</b>							
TFF Surcharge per Therm							\$ .00376
<b>TDS-Transportation Distribution System Shrinkage Charge</b>							
TDS Charge per Therm							\$ .00156
<b>MHPS-Master-Metered Mobile Home Park Safety Inspection Provision</b>							
MHPS Surcharge per Space per Month							\$ .21000

[1] Customers taking only transportation service will pay the Effective Sales Rate less the Interstate Reservation and Gas Cost components of the Effective Sales Rate, plus a Transportation Service Charge of \$780 per month and an amount for distribution shrinkage calculated by multiplying the currently effective Gas Cost rate per therm by the Lost and Unaccounted For Gas percentage of 0.56%. The PGA Balancing Account Adjustment is applicable to customers converting from sales service to transportation service for a period of 12 months. The volume charge for customer-secured natural gas transportation service will also be subject to the TFF Surcharge.

[2] The Charges and Adjustments applicable to each tariff rate schedule includes the following components:

Charges and Adjustments Description	SLT-10, SLT-35, SLT-12, SLT-40, SLT-15, SLT-50, SLT-20, SLT-60, SLT-25, SLT-66		SLT-70
<b>Upstream Interstate Charges</b>			
Storage	\$ .02627		
Reservation	.21382		
IRRAM Surcharge	.00004		\$ .00004
Balancing Account Adjustment			
FCAM *	.14947		.10601
GHGBA			
Non-Covered Entities			
Covered Entities			
<b>Total Rate Adjustment</b>	<b>\$ .38960</b>		<b>\$ .10605</b>

\* The FCAM surcharge includes an amount of \$.10601 per therm related to the difference between Southwest Gas' authorized margin and recorded revenues intended to recover these costs.

\*\* Pursuant to D.15-10-032, Company costs incurred to comply with the California Air Resources Board (ARB) natural gas supplier Cap-and-Trade Program are to be included in transportation rates and recovered from Non-Covered Entities. Covered Entities, who are directly regulated by the ARB, are only responsible for paying for emission costs related to lost and unaccounted for gas (LUAUF).

Advice Letter No. 994  
Decision No. \_\_\_\_\_

Issued by  
Justin Lee Brown  
Vice President

Date Filed November 30, 2015  
Effective \_\_\_\_\_  
Resolution No. \_\_\_\_\_

**Advice Letter No. 994  
Attachment 1**

Schedules

**SOUTHWEST GAS CORPORATION  
SOUTHERN CALIFORNIA DIVISION  
BALANCING ACCOUNT SURCHARGE RATES  
TWELVE-MONTHS ENDING OCTOBER 31, 2015**

Line No.	Description (a)	Amount (b)	Rate per Therm (c)	Line No.
1	Franchises & Uncollectibles Rate [1]	1.630%		1
	<u>Fixed Cost Adjustment Mechanism (FCAM)</u>			
2	Upstream Fixed Charges Balance [2]	\$ 1,429,844		2
3	Total Core Volumes (Therms) [3]	72,911,022		3
4	Upstream Fixed Charges Included in Rates (Ln. 2/Ln.3)*(1+Ln.1)		<u>\$ 0.01993</u>	4
5	Margin Balance [2]	\$ 13,435,171		5
6	Total Throughput Less Special Contract Volumes (Therms) [3]	79,683,642		6
7	Margin Balance Amount Included in Rates (Ln. 5/Ln.6)*(1+Ln.1)		<u>\$ 0.17135</u>	7
8	Total FCAM Surcharge Rate (Ln. 4 + Ln. 7)		<u><u>\$ 0.19128</u></u>	8
	<u>Intrastate Transportation Account Mechanism (ITCAM)</u>			
9	Upstream Variable Charges [2]	\$( 145,089)		9
10	ITCAM Surcharge Rate (Ln. 9/Ln.7)*(1+Ln.1)		<u><u>\$( 0.00185)</u></u>	10

[1] Authorized by Commission in D.14-06-028.

[2] Ending account balances at October 31, 2015.

[3] Forecasted volumes twelve-months ended December 31, 2016.

**SOUTHWEST GAS CORPORATION  
NORTHERN CALIFORNIA DIVISION  
BALANCING ACCOUNT SURCHARGE RATES  
TWELVE-MONTHS ENDING OCTOBER 31, 2015**

Line No.	Description (a)	Amount (b)	Rate per Therm (c)	Line No.
1	Franchises & Uncollectibles Rate [1]	1.459%		1
	<u>Fixed Cost Account Mechanism (FCAM)</u>			
2	Upstream Fixed Charges Balance [2]	\$ 1,666,660		2
3	Total Core Volumes (Therms) [3]	38,910,548		3
4	Upstream Fixed Charges Included in Rates (Ln. 2/Ln.3)*(1+Ln.1)		<u>\$ 0.04346</u>	4
5	Margin Balance [2]	\$ 3,026,702		5
6	Total Throughput (Therms) [4]	20,965,555		6
7	Margin Balance Amount Included in Rates (Ln. 5/Ln.6)*(1+Ln.1)		<u>\$ 0.14647</u>	7
8	Total FCAM Surcharge Rate (Ln. 4 + Ln. 7)		<u><u>\$ 0.18993</u></u>	8

[1] Authorized by Commission in D.14-06-028.

[2] Ending account balances at October 31, 2015.

[3] Northern California & South Lake Tahoe Jurisdictions combined forecasted volumes, twelve-months ended December 31, 2016.

[4] Northern California forecasted volumes twelve-months ended December 31, 2016.

**SOUTHWEST GAS CORPORATION  
SOUTH LAKE TAHOE DIVISION  
BALANCING ACCOUNT SURCHARGE RATES  
TWELVE-MONTHS ENDING OCTOBER 31, 2015**

Line No.	Description (a)	Amount (b)	Rate per Therm (c)	Line No.
1	Franchises & Uncollectibles Rate [1]	1.459%		1
	<u>Fixed Cost Adjustment Mechanism (FCAM)</u>			
2	Upstream Fixed Charges Balance [2]	\$ 1,666,660		2
3	Total Core Volumes (Therms) [3]	38,910,548		3
4	Upstream Fixed Charges Included in Rates (Ln. 2/Ln.3)*(1+Ln.1)		<u>\$ 0.04346</u>	4
5	Margin Balance [2]	\$1,948,602		5
6	Total Throughput (Therms) [4]	18,648,603		6
7	Margin Balance Amount Included in Rates (Ln. 5/Ln.6)*(1+Ln.1)		<u>\$ 0.10601</u>	7
8	Total FCAM Surcharge Rate (Ln. 4 + Ln. 7)		<u><u>\$ 0.14947</u></u>	8

[1] Authorized by Commission in D.14-06-028.

[2] Ending account balances at October 31, 2015.

[3] Northern California & South Lake Tahoe Jurisdictions combined forecasted volumes, twelve-months ended December 31, 2016.

[3] South Lake Tahoe forecasted volumes, twelve-months ended

**SOUTHWEST GAS CORPORATION  
SOUTHERN CALIFORNIA  
UPSTREAM PIPELINE CHARGES AND STORAGE COSTS**

Line No.	Description (a)	Annual Volumes (b)	Rate (c)	Annual Amount (d)=(b)*(c)	Rate per Therm (e)	Line No.
1	Franchise & Uncollectible Rate [1]		1.62990%			1
<u>Upstream Interstate Reservation Charges</u>						
2	Kern River Transmission Company (Kern) (Dth/	9,672,000	\$ 0.27000	\$ 2,611,440		2
3	G-BTS1 Southern California Gas Company (SoCal) Backbone Transportation Service (Dth/Day)	9,672,000	\$ 0.17784	\$ 1,720,068		3
4	GT-SWGX SoCal Pisgah Meter Station (Months	12	\$ 27,505	\$ 330,060		4
5	Total Annual Reservation Charges			<u>\$ 4,661,568</u>		5
6	Total Core Sales Volumes (Therms) [2]	72,911,022				6
7	Reservation Rate (Ln.5/Ln.6)*(1+Ln.1)				<u>\$ 0.06498</u>	7
<u>Upstream Intrastate Storage Charges</u>						
8	G-TBS SoCal Transaction Based Storage Service - Inventory Storage Reservation Charge (Dth/Day)	625,711,440	\$ 0.00169	\$ 1,057,452		8
9	Total Annual Storage Charges			<u>\$ 1,057,452</u>		9
10	Total Core Throughput (Therms) [3]	73,075,742				10
11	Storage Rate (Ln.9/Ln.10)*(1+Ln.1)				<u>\$ 0.01471</u>	11
<u>Upstream Intrastate Variable Charges</u>						
12	GT-TLS (GT-9CA) SoCal Intrastate Transportation Service (Therms)	84,784,831	\$ 0.01517	\$ 1,286,186		12
14	GT-SWGX SoCal Exchange Wholesale Natural Gas Service (Therms)	21,196,208	\$ 0.04364	\$ 925,003		14
13	Kern Transmission Service (Therms)	86,741,637	\$ 0.00045	\$ 39,034		13
15	Total Annual Variable Charges			<u>\$ 2,250,222</u>		15
16	Total Throughput (Therms) [4]	83,963,113				16
17	Variable Rate (Ln.15/Ln.16)*(1+Ln.1)				<u>\$ 0.02724</u>	17

[1] Authorized by Commission in Order D.14-06-028.

[2] Forecated core sales volumes, twelve-months ended December 31, 2015.

[3] Forecated total core throughput, twelve-months ended December 31, 2015.

[4] Forecated total throughput, less exempt volumes, twelve-months ended December 31, 2015.

**SOUTHWEST GAS CORPORATION  
NORTHERN CALIFORNIA RATE JURISDICTION AND SOUTH LAKE TAHOE RATE JURISDICTION  
UPSTREAM PIPELINE AND STORAGE COSTS**

Line No.	Description (a)	Annual Volumes (b)	Rate (c)	Annual Amount (d)=(b)*(c)	Rate per Therm (e)	Line No.
1	Franchise & Uncollectible Rate [1]		1.45890%			1
2	Total Core Throughput (Therms) [2]	38,331,208				2
<u>Upstream Interstate Reservation Charges (DTH)</u>						
3	Northwest Pipeline	2,284,920	\$ 1.24708	\$ 2,849,486		3
4	Paiute Pipeline FT-1 (F47, F50, F51)	4,629,180	\$ 1.02286	4,735,003		4
5	Paiute Pipeline 2010 Incremental Expansion (F45)	198,840	\$ 1.74114	346,208		5
6	Tuscarora Pipeline	24,500	\$ 1.00375	147,551		6
7	Total Reservation Charge			<u>\$ 8,078,248</u>		7
8	Reservation Rate (Ln.9/Ln.2)*(1+Ln.1)				<u>\$ 0.21382</u>	8
<u>Upstream Interstate Storage Charges</u>						
Paiute Pipeline Company						
LGS-1 Liquefied Gas Storage Service						
9	Storage Charge	1,504,860	\$ 0.02748	\$ 496,243		9
10	Delivery Charge	114,000	\$ 0.36275	496,242		10
11	Total Storage Charges			<u>\$ 992,485</u>		11
12	Total Storage Rate (Ln.13/Ln.2)*(1+Ln.1)				<u>\$ 0.02627</u>	12

[1] Authorized by Commission in Order D.14-06-028.

[2] Combined forecasted volumes for Northern California & South Lake Tahoe Jurisdictions, twelve-months ended December 31, 2015.

**Advice Letter No. 994**  
**Attachment 2**

D.15-10-032 Appendix A Tables



**SOUTHWEST GAS CORPORATION**  
**Advice Letter No. 994**  
**D.15-10-032 - Appendix A**

**Table A: Forecast Revenue Requirement**

Line	Description	2015		2016	
		Forecast	Recorded	Forecast	Recorded
1	Gross Throughput (MMcf)				
2	Throughput to Covered Entities (MMcf)				
3	Net Throughput to End Users (MMcf) (Line 1 + Line 2)	13,683	0	13,785	0
4	Lost and Unaccounted for Gas <sup>1</sup> (MMcf)	0		96	
5	<b>Total Supplied Gas (MMcf)</b> (Line 3 + Line 4)	<b>13,683</b>	<b>0</b>	<b>13,881</b>	<b>0</b>
6	Emissions Conversion Factor (MTCO <sub>2</sub> e/MMcf)	54.64437		54.64437	
7	Compliance Obligation for End Users and LUAF (MTCO <sub>2</sub> e) (Line 5 * Line 6)	747,710		758,492	
8	Compliance Obligation for Company Facilities (MTCO <sub>2</sub> e)	0		0	
9	<b>Gross Compliance Obligation (MTCO<sub>2</sub>e)</b> (Line 7 + Line 8)	<b>747,710</b>		<b>758,492</b>	
10	Directly Allocated Allowances <sup>2</sup>	(728,600)		(713,936)	
11	Percentage Consigned to Auction	25%		30%	
12	Consigned Allowances (Line 10 * Line 11) <sup>2</sup>	182,150		214,180	
13	<b>Net Compliance Obligation (MTCO<sub>2</sub>e)</b> (Line 9 + Line 10+ Line 12)	<b>201,260</b>		<b>258,736</b>	
14	Proxy GHG Allowance Price <sup>3,4</sup>	\$ 12.96	\$	\$ 13.33	
15A	Compliance Instrument Cost	\$ 2,608,330	\$	\$ 3,448,953	
15B	50% 2015 Compliance Instrument Cost	\$	\$	\$ 1,304,164.96	
16	Interest	\$	\$	\$	
17A	Franchise Fees & Uncollectibles <sup>5</sup>	\$ 42,516	\$	\$ 56,218	
17B	50% 2015 Franchise Fees & Uncollectibles	\$	\$	\$ 21,258	
18	<b>Revenue Requirement</b> (Line 15 + Line 16 + Line 17)	<b>\$ 2,650,846</b>	<b>\$ -</b>	<b>\$ 4,830,593</b>	<b>\$ -</b>
19	Previous Year's Cost Balancing Subaccount Balance	\$	\$	\$	
20	<b>Revenue Requirement to be Included in Rates</b> (Line 18 + Line 19)	<b>\$ 2,650,846</b>	<b>\$</b>	<b>\$ 4,830,593</b>	<b>\$</b>
21	Covered Entity Rate Impact (\$/therm)	\$	\$	\$	
22	Non-Covered Entity Rate Impact (\$/therm)	\$ 0.01885	\$	\$ 0.03385	

**Footnotes**

- 1 Lost and unaccounted for gas percentages were authorized in Southwest Gas' last General Rate Case (GRC) Decision 14-06-028
- 2 2016 Vintage Allowances Allocated by CARB on October 26, 2015
- 3 The forecasted proxy price is the January 16, 2015, futures settlement price for vintage year 2015 allowances for delivery in December. The future settlements price was obtained from the Intercontinental Exchange dated January 16, 2015, Futures Daily Market Report for Physical Environmental, "CAN-California Carbon Allowance Future-Vintage 2015 - California Carbon Allowance Vintage 2015 ." This methodology is consistent with Southwest Gas' methodology for forecasting gas supply prices.
- 4 The forecasted proxy price is the November 23, 2015, futures settlement price for vintage year 2016 allowances for delivery in December. The future settlements price was obtained from the Intercontinental Exchange dated November 23, 2015, Futures Daily Market Report for Physical Environmental, "CAO-California Carbon Allowance Future-Vintage 2016 - California Carbon Allowance Vintage 2016 ." This methodology is consistent with Southwest Gas' methodology for forecasting gas supply prices.
- 5 The F&U Rate was authorized in Southwest Gas' last General Rate Case (GRC) Decision 14-06-028

**SOUTHWEST GAS CORPORATION**

Advice Letter No. 994

D.15-10-032 - Appendix A

**Table C: GHG Allowance Proceeds**

Line	Description	2015		2016	
		Forecast	Recorded	Forecast	Recorded
1	Proxy GHG Allowance Price (\$/MT) <sup>1,2</sup>	\$ 12.96		\$ 13.33	
2	Directly Allocated Allowances <sup>3</sup>	728,600		713,936	
3	Percentage Consigned to Auction	25%		30%	
4	Consigned Allowances <sup>3</sup>	182,150		214,180	
5A	Allowance Proceeds	\$ (2,360,664)		\$ (2,855,019)	
5B	50% 2015 Compliance Instrument Cost	\$		\$ (1,180,332)	
6	Previous Year's Revenue Balancing Subaccount Balance	\$		\$ -	
7	Interest	\$		\$ -	
8	<b>Subtotal Allowance Proceeds (\$)</b> (Line 5 + Line 6 + Line 7)	<b>\$ (2,360,664)</b>	<b>\$ -</b>	<b>\$ (4,035,351)</b>	<b>\$ -</b>
9	<b>Outreach and Admin Expenses (\$)</b> (from Table D)	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 66,810</b>	<b>\$ -</b>
10	<b>Net GHG Proceeds Available for Customer Returns (\$)</b> (Line 8 + Line 9)	<b>\$ (2,360,664)</b>	<b>\$ -</b>	<b>\$ (3,968,541)</b>	<b>\$ -</b>
11	Number of Residential Households <sup>4</sup>	179,352		186,789	
12	<b>Per Household California Climate Credit (\$)</b> (Line 10 / Line 11)	<b>\$ 13.16</b>	<b>\$</b>	<b>\$ 21.25</b>	<b>\$</b>

Footnotes

1 The forecasted proxy price is the January 16, 2015, futures settlement price for vintage year 2015 allowances for delivery in December. The future settlements price was obtained from the Intercontinental Exchange dated January 16, 2015, Futures Daily Market Report for Physical Environmental, "CAN-California Carbon Allowance Future-Vintage 2015 - California Carbon Allowance Vintage 2015." This methodology is consistent with Southwest Gas' methodology for forecasting gas supply prices.

2 The forecasted proxy price is the November 23, 2015, futures settlement price for vintage year 2016 allowances for delivery in December. The future settlements price was obtained from the Intercontinental Exchange dated November 23, 2015, Futures Daily Market Report for Physical Environmental, "CAO-California Carbon Allowance Future-Vintage 2016 - California Carbon Allowance Vintage 2016." This methodology is consistent with Southwest Gas' methodology for forecasting gas supply prices.

3 2016 Vintage Allowances Allocated by CARB on October 26, 2015

4 2016 residential household numbers include residents served through a master-meter.

**SOUTHWEST GAS CORPORATION**

**Advice Letter No. 994**

**D.15-10-032 - Appendix A**

**Table D: GHG Outreach and Administrative Expenses**

Line	Description	2015		2016	
		Forecast	Recorded	Forecast	Recorded
1	Outreach Expenses				
2	Detail of Outreach Activity (\$)				
3	Website Page			\$ 2,000	
4	E-Blasts			\$ 5,000	
5	Bill Insert			\$ 2,500	
6	On-Bill Message			\$ -	
7	On-Hold Phone Message			\$ 1,000	
8	Post Phone Survey			\$ 55,000	
9	<b>Subtotal Outreach (\$)</b>	\$ -	\$ -	\$ 65,500	\$ -
10	Administrative Expenses				
11	Detail of Administrative Activity (\$)				
12	Programming			\$ -	
13	Testing			\$ -	
14	<b>Subtotal Administrative (\$)</b>	\$ -	\$ -	\$ -	\$ -
15	Subtotal Outreach and Administrative (\$)	\$ -	\$ -	\$ 65,500	\$ -
16	Interest (\$)	\$ -	\$ -	\$ 1,310	\$ -
17	<b>Total (\$)</b>	\$ -	\$ -	\$ 66,810	\$ -

**SOUTHWEST GAS CORPORATION**

**Advice Letter No. 994**

**D.15-10-032 - Appendix A**

**Table E: Compliance Obligation Over Time**

	2015	2016	2017	2018	2019	2020
Natural Gas Fuel Supplier Compliance Obligation (MTCO <sub>2</sub> e)						
Company Facility Compliance Obligation (MTCO <sub>2</sub> e)						

**Advice Letter No. 994**  
**Attachment 3**

Southwest Gas Corporation  
California Climate Credit  
Outreach, Education and Measurement Plan

## ATTACHMENT 3

### SOUTHWEST GAS CORPORATION OUTREACH, EDUCATION AND MEASUREMENT

Pursuant to D.15-10-032, Southwest Gas will implement the following outreach and education methods in 2016 regarding the California Climate Credit. All language content to be included in the proposed outreach methods will be submitted for review and approval with the Energy Division pursuant to OP 17 in D.15-10-032.

- **California Climate Credit Web Page - \$2,000**  
A new webpage will be added to [www.swgas.com](http://www.swgas.com) dedicated to the California (CA) Climate Credit with specific talking points and FAQs. Southwest Gas will also include a banner on the [www.swgas.com](http://www.swgas.com) homepage that will link to the new webpage. The new CA Climate Credit webpage will be bilingual. The cost associated with the webpage is primarily due to translation of the website content into Spanish.
- **Email Blasts - \$5,000**  
Two educational emails will be sent out to all California customers who currently receive electronic bills. The email will contain a "Did You Know" section about the CA Climate Credit, along with a link to the CA Climate Credit webpage on [www.swgas.com](http://www.swgas.com). The cost for each email blast is approximately \$2,500.
- **Bill Insert - \$2,500**  
A bill insert will be included in each residential customer bill to coincide with the distribution of the CA Climate Credit. The insert will be concise but informative and will include a few FAQs on the program, as well as a link to the CA Climate Credit webpage on [www.swgas.com](http://www.swgas.com). The cost associated with the bill insert is primarily due to translation of the bill insert content into Spanish.
- **On-Bill Message**  
Southwest Gas will implement an on-bill message regarding the CA Climate Credit to appear in the middle of bill. The message will include a link to the new CA Climate Credit webpage on [www.swgas.com](http://www.swgas.com). There should not be a fee associated with this outreach method.
- **On-Hold Phone Message - \$1,000**  
Southwest Gas will implement an on-hold phone message targeted to California residential customers who call the Company's toll free Customer Assistance line. The message will be heard along with other on-hold messages that Southwest Gas will have at the time. The recorded message will advise California residential customers of the CA Climate Credit, when it is to be distributed and will direct customers to visit the CA Climate Credit webpage on [www.swgas.com](http://www.swgas.com) for more information. The cost associated with the on-hold message is due to the professional voice over recording.

#### **MEASUREMENT OF OUTREACH COMMUNICATIONS - \$55,000**

Southwest Gas will measure the effectiveness of the above outreach and education methods using a variety of tactics, including:

- 1) Website analytics – will be used to track the number of monthly visitors to the CA Climate Credit webpage on [www.swgas.com](http://www.swgas.com), as well as track the amount of time engaged on the page. Southwest Gas will also review analytics after each Email Blast.
- 2) A Feedback survey will be included on the California Climate Credit webpage on [www.swgas.com](http://www.swgas.com). This survey will contain questions to assess the customer's understanding of the program after reviewing the content on this page. There will also be a question on how they first heard of the program by listing all Southwest Gas Outreach and Education methods. This will gauge which tactic resonated the most.
- 3) By the end of 2<sup>nd</sup> quarter 2016, a phone survey will be conducted to further measure our Outreach and Education efforts. Southwest Gas will utilize as a baseline measure the *Climate Credit Assessment – Final*, issued by Opinion Dynamics in September 2014. Southwest Gas' phone survey will serve as a follow-up assessment to assist in determining the effectiveness of its Outreach and Education program.

The cost associated with measurement is primarily due to the phone survey.



## SOUTHWEST GAS CORPORATION

December 29, 2015

ATTN: Tariff Unit, Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4005  
San Francisco, CA 94102

Subject: Southwest Gas Corporation (U 905 G)  
Advice Letter No.994

Enclosed are an original and one (1) copy of substitute California P.U.C. Sheet No. 69, 65th Revised. This sheet was submitted in Advice Letter No. (AL) 994. AL 994 was filed on November 30, 2015, to update balancing account surcharges related to the Fixed Cost Adjustment Mechanism (FCAM), the Interstate Transportation Cost Adjustment Mechanism (ITCAM), and the transportation and storage rates applicable to Southwest Gas' Southern California, Northern California and South Lake Tahoe Divisions.

The purpose of this transmittal is to correct typographical errors in tariff Sheet No. 69 - Statement of Rates Applicable to Northern California Service Area. AL 994 included schedules illustrating the calculation of the balancing account surcharge rate. However, the associated FCAM balancing account adjustment rate was incorrectly shown on the tariff sheet for Schedule No. GN-70. FCAM balancing account adjustment rates for all other schedules on this tariff sheet were correctly updated.

The substitute sheet is denoted by an asterisk (\*).

In accordance with General Order 96-B, General Rule 7.5.1 and Energy Industry Rule 3.2, Southwest Gas is mailing copies of this substitute sheet filing and related tariff sheet to the utilities and interested parties shown on the attached list.

Sincerely,

Edward B. Giesecking  
Director/Regulatory & Energy Efficiency

EBG:jjp  
Enclosures



**Distribution List**

Advice Letter No. 994

In conformance with GO 96-B, General Rule 4.3

The following individual has been served by regular, first-class mail:

Joe Como, Acting Director  
Office of Ratepayer Advocates  
California Public Utilities Commission  
505 Van Ness Avenue, 4th Floor  
San Francisco, CA 94105

The following individuals or entities have been served by electronic mail:

Pacific Gas & Electric Company  
[PGETariffs@pge.com](mailto:PGETariffs@pge.com)

Southern California Gas Company  
[SNewsom@semprautilities.com](mailto:SNewsom@semprautilities.com)

San Diego Gas & Electric Company  
[SDG&ETariffs@SempraUtilities.com](mailto:SDG&ETariffs@SempraUtilities.com)

Robert M. Pocta  
Office of Ratepayer Advocates  
California Public Utilities Commission  
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Pearlie Sabino  
Office of Ratepayer Advocates  
California Public Utilities Commission  
[pzs@cpuc.ca.gov](mailto:pzs@cpuc.ca.gov)

STATEMENT OF RATES

RATES APPLICABLE TO NORTHERN CALIFORNIA SERVICE AREA [1] [2]

Schedule No. and Type of Charge	Margin	Charges [3] and Adjustments		Subtotal Gas Usage Rate	Other Surcharges		Gas Cost	Effective Sales Rate
					CPUC	PPP		
<b>GN-60-Core Internal Combustion Engine Gas Service</b>								
Basic Service Charge	\$ 25.00							\$ 25.00
Cost per Therm	\$ .26352	\$ .43006		\$ .69358	\$ .00068	\$ .05803	\$ .27889	\$ 1.03118
<b>GN-66-Core Small Electric Power Generation Gas Service</b>								
Basic Service Charge	\$ 25.00							\$ 25.00
Cost per Therm	\$ .26352	\$ .43006		\$ .69358	\$ .00068		\$ .27889	\$ .97315
<b>GN-70-Noncore General Gas Transportation Service</b>								
Basic Service Charge	\$ 100.00							\$ 100.00
Transportation Service Charge	\$ 780.00							\$ 780.00
Cost per Therm	\$ .15903	\$ .14651		\$ .30554	\$ .00068	\$ .05803		\$ .36425
<b>TFF-Transportation Franchise Fee Surcharge Provision</b>								
TFF Surcharge per Therm								\$ .00376
<b>TDS - Transportation Distribution System Shrinkage Charge</b>								
TDS Charge per Therm								\$ .00156
<b>MHPS-Master-Metered Mobile Home Park Safety Inspection Provision</b>								
MHPS Surcharge per Space per Month								\$ .21000

[1] Customers taking only transportation service will pay the Effective Sales Rate less the Interstate Reservation and Gas Cost components of the Effective Sales Rate, plus a Transportation Service Charge of \$780 per month and an amount for distribution shrinkage calculated by multiplying the currently effective Gas Cost rate per therm by the Lost and Unaccounted For Gas percentage of 0.56%. The PGA Balancing Account Adjustment is applicable to customers converting from sales service to transportation service for a period of 12 months. The volume charge for customer-secured natural gas transportation will also be subject to the TFF Surcharge.

[2] A Franchise Fee differential of 2.5% will be applied to monthly billings calculated for all rate schedules for all customers within the limits of the Town of Truckee.

[3] The Charges and Adjustments applicable to each tariff rate schedule includes the following components:

Charges and Adjustments Description	GN-10, GN-12, GN-15, GN-20, GN-25,	GN-35, GN-40, GN-50, GN-60, GN-66	GN-70
<b>Upstream Interstate Charges</b>			
Storage	\$ .02627		
Reservation	.21382		
IRRAM Surcharge	.00004		\$ .00004
<b>Balancing Account Adjustments</b>			
FCAM*	.18993		.14647
<b>Non-Covered Entities</b>			
<b>Covered Entities</b>			
<b>Total Rate Adjustment</b>	<b>\$ .43006</b>		<b>\$ .14651</b>

\* The FCAM surcharge includes an amount of \$.14647 per therm related to the difference between Southwest Gas' authorized margin and recorded revenues intended to recover these costs.

\*\* Pursuant to D.15-10-032, Company costs incurred to comply with the California Air Resources Board (ARB) natural gas supplier Cap-and-Trade Program are to be included in transportation rates and recovered from Non-Covered Entities. Covered Entities, who are directly regulated by the ARB, are only responsible for paying for emission costs related to lost and unaccounted for gas (LUAUF).