

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 22, 2016

Advice Letter 1023

Justin Lee Brown
Vice President, Regulation & Public Affairs
Southwest Gas Corporation
P. O. Box 98510
Las Vegas, NV 89193-8510

**SUBJECT: Annual Regulatory Gas Account Balance Update for Rates
Effective January 1, 2017**

Dear Mr. Brown:

Southwest Gas Corporation Advice Letter 1023 is approved as of the date of this letter for rates effective January 1, 2017. Pursuant to recommendations by the California State Auditor, Energy Division staff continues to conduct in-depth reviews of Southwest Gas Corporation gas balancing accounts. Balances in all accounts authorized for recovery are subject to audit, verification and adjustment.

Advice Letter 1023 includes the greenhouse gas compliance costs and allowance proceeds as informational forecasts and does not request to recover them in rates. These costs and proceeds are not approved and should not be incorporated into rates at this time.

Sincerely,

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

Edward Randolph
Director, Energy Division

cc: Valerie J. Ontiveroz, Regulatory Manager, valerie.ontiveroz@swgas.com



SOUTHWEST GAS CORPORATION

December 22, 2016

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. 1023

Enclosed are an original and one (1) copy of a replacement sheet to correct a ministerial error in Southwest Gas Corporation's (Southwest Gas) Advice Letter No. (AL) 1023, filed on November 30, 2016. AL 1023 is Southwest Gas' annual update to balancing account surcharges and rates related to its Fixed Cost Adjustment Mechanism (FCAM), Interstate Transportation Cost Adjustment Mechanism (ITCAM), and transportation and storage, effective January 1, 2017. AL 1023 also included tables related to Greenhouse Gas (GHG) costs and allowance proceeds pursuant to Decision 15-10-032.

The purpose of this transmittal is to correct Footnotes 2, 3, and 4 on Schedule II, Sheet 1 of 2 in Attachment 1 to AL 1023. The word "forecasted" was misspelled and has been corrected in the attached. This correction does not affect any rate adjustments requested in AL 1023.

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

Sincerely,


Valerie J. Ontiveroz
Regulatory Manager/California

VJO:dm
Enclosures

Distribution List

Advice Letter No. 1023

In conformance with GO 96-B, General Rule 4.3

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

Elizabeth Echols, 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

Southern California Gas Company
SNewsom@semprautilities.com

San Diego Gas & Electric Company
SDG&ETariffs@SempraUtilities.com

Robert M. Pocta
Office of Ratepayer Advocates
California Public Utilities Commission
rmp@cpuc.ca.gov

Nathaniel Skinner
Office of Ratepayer Advocates
California Public Utilities Commission
nws@cpuc.ca.gov

Pearlie Sabino
Office of Ratepayer Advocates
California Public Utilities Commission
pzs@cpuc.ca.gov

**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/Day)	9,490,000	\$ 0.27000	\$ 2,562,300		2
3	G-BTS1 Southern California Gas Company (SoCal) Backbone Transportation Service (Dth/Day)	9,490,000	\$ 0.18629	\$ 1,767,892		3
4	G-BTS2 Southern California Gas Company (SoCal) Backbone Transportation Service (Dth/Day)	9,125,000	\$ 0.14903	\$ 1,359,899		4
5	GT-SWGX SoCal Pisgah Meter Station (Months)	12	\$ 27,505	<u>\$ 330,060</u>		5
6	Total Annual Reservation Charges			<u>\$ 6,020,151</u>		6
7	Total Core Sales Volumes (Therms) [2]	84,839,677				7
8	Reservation Rate (Ln.6/Ln.7)*(1+Ln.1)				<u>\$ 0.07212</u>	8
<u>Upstream Intrastate Storage Charges</u>						
9	G-TBS SoCal Transaction Based Storage Service - Inventory Storage Reservation Charge (Dth/Day)	613,937,300	\$ 0.00170	\$ 1,043,693		9
10	Total Annual Storage Charges			<u>\$ 1,043,693</u>		10
11	Total Core Throughput (Therms) [3]	84,839,677				11
12	Storage Rate (Ln.10/Ln.11)*(1+Ln.1)				<u>\$ 0.01250</u>	12
<u>Upstream Intrastate Variable Charges</u>						
13	GT-TLS (GT-9CA) SoCal Intrastate Transportation Service (Therms)	96,609,174	\$ 0.01485	\$ 1,434,646		13
14	GT-SWGX SoCal Exchange Wholesale Natural Gas Service (Therms)	24,152,294	\$ 0.11273	\$ 2,722,688		14
15	Kern Transmission Service (Therms)	98,446,371	\$ 0.00044	<u>\$ 43,316</u>		15
16	Total Annual Variable Charges			<u>\$ 4,200,651</u>		16
17	Total Throughput (Therms) [4]	95,872,627				17
18	Variable Rate (Ln.16/Ln.17)*(1+Ln.1)				<u>\$ 0.04453</u>	18

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

[2] Forecasted core sales volumes, twelve-months ended December 31, 2016.

[3] Forecasted total core throughput, twelve-months ended December 31, 2016.

[4] Forecasted total throughput, less exempt volumes, twelve-months ended December 31, 2016.



SOUTHWEST GAS CORPORATION

December 13, 2016

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. 1023

Enclosed are an original and one (1) copy of replacement sheets correcting ministerial errors in Southwest Gas Corporation's (Southwest Gas) Advice Letter No. (AL) 1023, filed on November 30, 2016. AL 1023 is Southwest Gas' annual update to balancing account surcharges and rates related to its Fixed Cost Adjustment Mechanism (FCAM), Interstate Transportation Cost Adjustment Mechanism (ITCAM), and transportation and storage, effective January 1, 2017. AL 1023 also included tables related to Greenhouse Gas (GHG) costs and allowance proceeds pursuant to Decision 15-10-032.

The purpose of this transmittal is to correct the following ministerial errors with respect to the GHG sections in AL 1023:

- 1) Page 3 of AL 1023, *Table A – Forecasted Revenue Requirement* – The last paragraph in this section denotes "Line 21-Covered Entity Rate Impact" on Table A as confidential. However, per Energy Division Staff guidance received on October 4, 2016, the Covered Entity and Non-Covered Entity rate impacts (Line Nos. 21 and 22, respectively) were not required in this filing pending a decision in Rulemaking 14-03-003.¹
- 2) Attachment 2, Table A – Forecast Revenue Requirement – The redaction of Line 21 Covered Entity Rate Impact (\$/therm) has been removed. Additionally, the reference to AL 994 in the table heading has been updated to correctly refer to AL 1023.

The corrections noted above do not affect any rate adjustments requested in AL 1023.

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

Sincerely,


Valerie J. Ontiveroz
Regulatory Manager/California

VJO:dm
Enclosures

¹ For ease of reference, Southwest Gas has included both a clean and redlined version of Page 3.

Distribution List

Advice Letter No. 1023

In conformance with GO 96-B, General Rule 4.3

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

Elizabeth Echols, 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

Southern California Gas Company
SNewsom@semprautilities.com

San Diego Gas & Electric Company
SDG&ETariffs@SempraUtilities.com

Robert M. Pocta
Office of Ratepayer Advocates
California Public Utilities Commission
rmp@cpuc.ca.gov

Nathaniel Skinner
Office of Ratepayer Advocates
California Public Utilities Commission
nws@cpuc.ca.gov

Pearlie Sabino
Office of Ratepayer Advocates
California Public Utilities Commission
pzs@cpuc.ca.gov



from Energy Division Staff on October 4, 2016. A brief description of each table is set forth below.

Table A – Forecasted Revenue Requirement

Table A demonstrates the Company's calculation of the forecasted revenue requirement associated with its recorded GHG compliance costs for 2015 and forecasted GHG compliance costs for 2016 and 2017.⁵ As noted above, Southwest Gas is not requesting authorization to include the forecasted revenue requirement for GHG compliance costs in customer rates at this time, therefore rate impacts have not been provided (Lines 21 and 22). Instead, the Company has included, for illustrative purposes only, the following two scenarios which calculate rate impacts for both covered and non-covered entities (both scenarios provide that no compliance costs are included in rates in either 2015 or 2016):

Scenario 1 – 50% of the total deferred revenue requirement for 2015 and 2016 GHG compliance costs are included in 2017 customer rates and the remaining 50% in 2018 customer rates.

Scenario 2 – 50% of the total deferred revenue requirement for 2015 GHG compliance costs are included in customer rates in both 2017 and 2018, while 50% of the total deferred revenue requirement for 2016 GHG compliance costs are included in customer rates in both 2019 and 2020.

Southwest Gas considers certain information contained in Table A confidential, including Gross Throughput (Line 1) and Throughput to Covered Entities (Line 2), 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 in 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

⁵ Southwest Gas will include its 2016 GHG compliance costs in its November 2017 annual update filing.

from Energy Division Staff on October 4, 2016. A brief description of each table is set forth below.

Table A – Forecasted Revenue Requirement

Table A demonstrates the Company's calculation of the forecasted revenue requirement associated with its recorded GHG compliance costs for 2015 and forecasted GHG compliance costs for 2016 and 2017.⁵ As noted above, Southwest Gas is not requesting authorization to include the forecasted revenue requirement for GHG compliance costs in customer rates at this time, therefore rate impacts have not been provided (Lines 21 and 22). Instead, the Company has included, for illustrative purposes only, the following two scenarios which calculate rate impacts for both covered and non-covered entities (both scenarios provide that no compliance costs are included in rates in either 2015 or 2016):

Scenario 1 – 50% of the total deferred revenue requirement for 2015 and 2016 GHG compliance costs are included in 2017 customer rates and the remaining 50% in 2018 customer rates.

Scenario 2 – 50% of the total deferred revenue requirement for 2015 GHG compliance costs are included in customer rates in both 2017 and 2018, while 50% of the total deferred revenue requirement for 2016 GHG compliance costs are included in customer rates in both 2019 and 2020.

Southwest Gas considers certain information contained in Table A confidential, including Gross Throughput (Line 1) and 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 in 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

⁵ Southwest Gas will include its 2016 GHG compliance costs in its November 2017 annual update filing.

SOUTHWEST GAS CORPORATION
Advice Letter No. 1023

D.15-10-032 - Appendix A

Table A: Forecast Revenue Requirement

Line	Description	2015		2016		2017	
		Forecast	Recorded	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	12,245	13,785		13,781	
4	Lost and Unaccounted for Gas ¹ (MMcf)	0		98		99	
5	Total Supplied Gas (MMcf) (Line 3 + Line 4)	13,683		13,883		13,881	
6	Emissions Conversion Factor (MTCO ₂ e/MMcf)	54.64437	54.55802	54.64437		54.64437	
7	Compliance Obligation for End Users and LUAF (MTCO ₂ e) (Line 5 * Line 6)	747,710		758,624		758,499	
8	Compliance Obligation for Company Facilities (MTCO ₂ e)	0		0		0	
9	Gross Compliance Obligation (MTCO ₂ e) (Line 7 + Line 8)	747,710		758,624		758,499	
10	Directly Allocated Allowances ²	(728,600)		(713,936)		(700,043)	
11	Percentage Consigned to Auction	25%		30%		35%	
12	Consigned Allowances (Line 10 * Line 11) ³	182,150		214,180		245,015	
13	Net Compliance Obligation (MTCO ₂ e) (Line 9 + Line 10 + Line 12)	201,260	121,827	258,868		303,471	
14	Proxy GHG Allowance Price ^{3,4,5}	\$ 12.96	\$	\$ 13.33	\$	\$ 13.23	
15	Compliance Instrument Cost ¹	\$ 2,608,330	\$ 1,813,190	\$ 3,450,705	\$	\$ 4,014,916	
16	Interest		\$ 3,062				
17	Franchise Fees & Uncollectibles ⁶	\$ 42,516	\$ 29,555	\$ 56,246	\$	\$ 65,443	
18	Revenue Requirement (Line 15 + Line 16 + Line 17)	\$ 2,650,846	\$ 1,845,807	\$ 3,506,951	\$	\$ 4,080,359	
19	Previous Year's Cost Balancing Subaccount Balance						
20	Revenue Requirement to be Included in Rates (Line 18 + Line 19)	\$ 2,650,846	\$ 1,845,807	\$ 3,506,951	\$	\$ 4,080,359	
21	Covered Entity Rate Impact (\$/therm)	\$ 0.00052	\$ 0.00060	\$ 0.00054	\$	\$ 0.00053	
22	Non-Covered Entity Rate Impact (\$/therm)						
Illustrative Rate Impacts: for Informational Purposes Only		2015		2016		2017	
	2017 Rev Req + 50% of 2015 and 2016 Rev Reqs	\$ -	\$ -	\$ -	\$ -	\$ 6,756,738	
	2017 Rev Req + 50% of 2015 Rev Req	\$ -	\$ -	\$ -	\$ -	\$ 5,003,262	
	2017 Rev Req	\$ -	\$ -	\$ -	\$ -	\$ 4,080,359	
Non-Covered Entity Rate Impacts (\$/therm)							
	2017 Rev Req + 50% of 2015 and 2016 Rev Reqs	\$ -	\$ -	\$ -	\$ -	\$ 0.04769	
	2017 Rev Req + 50% of 2015 Rev Req	\$ -	\$ -	\$ -	\$ -	\$ 0.03532	
	2017 Rev Req	\$ -	\$ -	\$ -	\$ -	\$ 0.02880	
Covered Entity Rate Impacts (\$/therm)							
	2017 Rev Req + 50% of 2015 and 2016 Rev Reqs	\$ -	\$ -	\$ -	\$ -	\$ 0.00083	
	2017 Rev Req + 50% of 2015 Rev Req	\$ -	\$ -	\$ -	\$ -	\$ 0.00067	
	2017 Rev Req	\$ -	\$ -	\$ -	\$ -	\$ 0.00053	

Footnotes

- 1 Lost and unaccounted for gas percentages were authorized in Southwest Gas' last General Rate Case (GRC) Decision 14-06-028.
- 2 2017 Vintage Allowances Allocated by CARB on October 24, 2016.
- 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 18, 2015, Futures Daily Market Report for Physical Environmental, "CAC-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 forecasted proxy price is the November 4, 2016, futures settlement price for vintage year 2017 allowances for delivery in December. The future settlements price was obtained from the Intercontinental Exchange dated November 4, 2016, Futures Daily Market Report for Physical Environmental, "CAP-California Carbon Allowance Future-Vintage 2017 - California Carbon Allowance Vintage 2017." This methodology is consistent with Southwest Gas' methodology for forecasting gas supply prices.
- 6 The F&U Rate was authorized in Southwest Gas' last General Rate Case (GRC) Decision 14-06-028.
- 7 2016 Recorded Cost through October 31, 2016.



SOUTHWEST GAS CORPORATION

November 30, 2016

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. 1023

Enclosed herewith is one (1) copy of Southwest Gas Corporation's Advice Letter No. 1023, together with California Gas Tariff Sheet Nos. 65-71.

Sincerely,

Valerie J. Ontiveroz
Regulatory Manager/California

VJO:jjp
Enclosures



SOUTHWEST GAS CORPORATION

Advice Letter No. 1023

November 30, 2016

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.
80th Revised Sheet No. 65	Statement of Rates - Rates Applicable to Southern California Service Area	79th Revised Sheet No. 65
81st Revised Sheet No. 66	Statement of Rates - Rates Applicable to Southern California Service Area	80th Revised Sheet No. 66
51st Revised Sheet No. 67	Statement of Rates - Rates Applicable to Southern California Service Area	49th/50th Revised Sheet No. 67
79th Revised Sheet No. 68	Statement of Rates - Rates Applicable to Northern California Service Area	78th Revised Sheet No. 68
81st Revised Sheet No. 69	Statement of Rates - Rates Applicable to Northern California Service Area	79th/80th Revised Sheet No. 69
46th Revised Sheet No. 70	Statement of Rates - Rates Applicable to South Lake Tahoe Service Area	45th Revised Sheet No. 70
81st Revised Sheet No. 71	Statement of Rates - Rates Applicable to South Lake Tahoe Service Area	79th/80th 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 includes tables related to Greenhouse Gas (GHG) costs and allowance proceeds pursuant to Decision (D.) 15-10-032.

1) Annual Adjustments

The calculation of Southwest Gas' 2017 FCAM and ITCAM balancing account surcharges and upstream transportation and storage rates are contained in Schedules I and II (Attachment 1).



The combined effect of these changes will result in annual revenue decrease of approximately \$17.6 million or 12.7 percent in the Southern California Division, an increase of \$0.2 million or 0.5 percent in the Northern California Division, and an increase of \$0.2 million or 0.7 percent in the South Lake Tahoe District.

2) GHG Costs and Allowance Proceeds

Background

On October 22, 2015, the Commission issued D.15-10-032 resolving Phase 2 issues in Rulemaking (R.) 14-03-003,¹ 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.²

The Commission directed the natural gas utilities to utilize the tables provided in Appendix A to D.15-10-032 to annually forecast its GHG compliance 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..."³ On April 7, 2016, the Commission approved D.16-04-013, which granted limited rehearing of D.15-10-032 regarding the return of GHG allowance proceeds to residential customers. D.16-04-013 vacated certain OPs, which effectively suspended the introduction of GHG costs into customer rates as well as the return of any GHG allowance proceeds.⁴

Although Southwest Gas is not requesting authorization through this filing to place GHG compliance costs into customer rates or to return GHG allowance proceeds to customers at this time, the Company has included as Attachment 2 its completed Appendix A tables pursuant to D.15-10-032. Tables A and C in Attachment 2 include various rate impact scenarios for illustrative purposes only, pursuant to the informal interim guidance received

¹ R.14-03-003, "Order Instituting Rulemaking to Address Natural Gas Distribution Utility Cost and Revenue Issues Associated with Greenhouse Gas Emissions," adopted by the Commission on March 12, 2014

² D.15-10-032, pgs. 2-3.

³ D.15-10-032, pg. 19.

⁴ D.16-04-013, OP 4 at pg. 6.



from Energy Division Staff on October 4, 2016. A brief description of each table is set forth below.

Table A – Forecasted Revenue Requirement

Table A demonstrates the Company's calculation of the forecasted revenue requirement associated with its recorded GHG compliance costs for 2015 and forecasted GHG compliance costs for 2016 and 2017.⁵ As noted above, Southwest Gas is not requesting authorization to include the forecasted revenue requirement for GHG compliance costs in customer rates at this time, therefore rate impacts have not been provided (Lines 21 and 22). Instead, the Company has included, for illustrative purposes only, the following two scenarios which calculate rate impacts for both covered and non-covered entities (both scenarios provide that no compliance costs are included in rates in either 2015 or 2016):

Scenario 1 – 50% of the total deferred revenue requirement for 2015 and 2016 GHG compliance costs are included in 2017 customer rates and the remaining 50% in 2018 customer rates.

Scenario 2 – 50% of the total deferred revenue requirement for 2015 GHG compliance costs are included in customer rates in both 2017 and 2018, while 50% of the total deferred revenue requirement for 2016 GHG compliance costs are included in customer rates in both 2019 and 2020.

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 in 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

⁵ Southwest Gas will include its 2016 GHG compliance costs in its November 2017 annual update filing.



2015 and increasing 5 percent annually through 2020.⁶ Southwest Gas forecasts approximately \$3.2 million net GHG allowance proceeds available for return to customers in 2017. However, Table C does not include a proposed California Climate Credit (Line 12). Instead, the Company has included, for illustrative purposes only, the following four scenarios of how the total proceeds received in 2017 could be distributed to customers (all scenarios provide that no allowance proceeds have been returned to customers in either 2015 or 2016):

Scenario 1 – 50% of the total deferred 2015 and 2016 net GHG allowance proceeds are returned to residential customers in 2017 and the remaining 50% are returned to residential customers in 2018.

Scenario 2 – 50% of the total deferred 2015 net GHG allowance proceeds are returned to residential customers in both 2017 and 2018, while 50% of the total deferred 2016 net GHG allowance proceeds are returned to residential customers in both 2019 and 2020.

Scenario 3 – Same as Scenario 1, however, instead of a California Climate Credit that is calculated to be returned to residential customers only, an annual credit for all non-covered entities has been calculated.

Scenario 4 – Same as Scenario 2, however, instead of a California Climate Credit that is calculated to be returned to residential customers only, an annual credit for all non-covered entities has been calculated.

In each of the above scenarios, the California Climate Credit was calculated by taking the forecasted GHG allowance proceeds remaining after subtracting the forecasted 2017 outreach and administrative expenses from the total allowance proceeds and dividing the result by the number of residential households.⁷ Southwest Gas' 2017 forecasted outreach and administrative expenses are discussed further below.

Table D – Outreach and Administrative Expenses

Southwest Gas' Outreach and Education Plan (Plan) was approved with a total forecasted cost of \$65,500.⁸ However, the overall Plan was not effectuated due to the suspension of the California Climate Credit and GHG compliance costs recovery, which also included a suspension of related outreach and education. As such, Southwest Gas experienced minimal costs related to its Plan in 2016.⁹ For 2017, the Company has forecasted the

⁶ D.15-10-032, pg. 5.

⁷ D.15-10-032, pg. 37.

⁸ Advice Letter No. 994, approved on December 30, 2015.

⁹ Letter from the Energy Division to Pacific Gas & Electric Company, San Diego Gas & Electric Company, Southern California Gas Company and Southwest Gas Corporation [sic], "Suspend April 2016 natural Gas Climate Credit and Introduction of GHG Costs in Rates," dated March 7, 2016.



same amount for outreach and education pending a final decision by the Commission in R.14-03-003. Although it is unknown at this time what additional programming and testing will be needed to implement any future directives by the Commission to return the GHG allowance proceeds to customers, Southwest Gas does not foresee the costs to be incremental and has therefore not forecasted administrative expenses for 2017. Yet, any expenses that may be incurred (i.e., overtime labor) will be appropriately recorded in the Company's GHG Memorandum Account.

Table E – Compliance Obligation Over Time

Southwest Gas has included its 2015 verified emissions in Table E.

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.

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, 2016, which is thirty (30) calendar days from the date of filing, with rates effective January 1, 2017.

Protest

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based with specificity. 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:

ATTN: Tariff Unit
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102
E-mail: 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. 1023
Page 6
November 30, 2016

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 gas tariff.

Service

In accordance with GO 96-B, General Rule 7.2, Southwest Gas is serving 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

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By: _____

Justin Lee Brown

Attachments

Distribution List

Advice Letter No. 1023

In conformance with GO 96-B, General Rule 4.3

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

Elizabeth Echols, 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

Southern California Gas Company
SNewsom@semprautilities.com

San Diego Gas & Electric Company
SDG&ETariffs@SempraUtilities.com

Robert M. Pocta
Office of Ratepayer Advocates
California Public Utilities Commission
rmp@cpuc.ca.gov

Nathaniel Skinner
Office of Ratepayer Advocates
California Public Utilities Commission
nws@cpuc.ca.gov

Pearlie Sabino
Office of Ratepayer Advocates
California Public Utilities Commission
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) #: **1023**

Subject of AL: **Update balancing account surcharges, adjust transportation and storage rates effective January 1, 2017.**

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 AL¹: **Not applicable**

Resolution Required? Yes No

Requested effective date: **January 1, 2017**

No. of tariff sheets: **7**

Estimated system annual revenue effect (%): **(12.70%) SCA, 0.51% NCA and 0.67% SLT**

Estimated system average rate effect (%): **(12.70%) SCA, 0.51% NCA and 0.67% 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 proposed⁹: **See 'Subject of AL' above**

Pending advice letters that revise the same tariff sheets: **None**

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

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
Facsimile: 702-364-3452

⁹ 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			
GS-10-Residential Gas Service									
Basic Service Charge	\$ 5.00							\$ 5.00	
Cost per Therm									
Baseline Quantities	\$.66835	\$.12657	\$.79492	\$.00093	\$.15841	\$.32428	\$ 1.27854		R
Tier II	\$.83962	.12657	.96619	.00093	.15841	.32428	1.44981		R
GS-11-Residential Air-Conditioning Gas Service									
Basic Service Charge	\$ 5.00							\$ 5.00	
Cost per Therm									
Tier I	\$.66835	\$.12657	\$.79492	\$.00093	\$.15841	\$.32428	\$ 1.27854		R
Tier II	.83962	.12657	.96619	.00093	.15841	.32428	1.44981		R
Air-Conditioning	\$.33417	.12657	.46074	.00093	.15841	.32428	.94436		R
GS-12-CARE Residential Gas Service									
Basic Service Charge	\$ 4.00							\$ 4.00	
Cost per Therm									
Baseline Quantities	\$.44451	\$.12657	\$.57108	\$.00093	\$.03984	\$.32428	\$.93613		R
Tier II	.58153	.12657	.70810	.00093	.03984	.32428	\$ 1.07315		R
GS-15-Secondary Residential Gas Service									
Basic Service Charge	\$ 6.00							\$ 6.00	
Cost per Therm	\$ 1.02862	\$.12657	\$ 1.15519	\$.00093	\$.15841	\$.32428	\$ 1.63881		R
GS-20-Multi-Family Master-Metered Gas Service									
Basic Service Charge	\$ 25.00							\$ 25.00	
Cost per Therm									
Baseline Quantities	\$.66835	\$.12657	\$.79492	\$.00093	\$.15841	\$.32428	\$ 1.27854		R
Tier II	.83962	.12657	.96619	.00093	.15841	.32428	1.44981		R
GS-25 -Multi-Family Master-Metered Gas Service-Submetered									
Basic Service Charge	\$ 25.00							\$ 25.00	
Cost per Therm									
Baseline Quantities	\$.66835	\$.12657	\$.79492	\$.00093	\$.15841	\$.32428	\$ 1.27854		R
Tier II	.83962	.12657	.96619	.00093	.15841	.32428	1.44981		R
Submetered Discount per Occupied Space	(\$7.69)						(\$7.69)		
GS-35-Agriculture Employee Housing & Nonprofit Group Living Facility Gas Service									
Basic Service Charge	\$ 8.80							\$ 8.80	
Cost per Therm									
First 100	\$.39169	\$.12657	.51826	\$.00093	\$.03984	\$.32428	\$.88331		R
Next 500	.26500	.12657	.39157	.00093	.03984	.32428	.75662		R
Next 2,400	.16365	.12657	.29022	.00093	.03984	.32428	.65527		R
Over 3,000	.03779	.12657	.16436	.00093	.03984	.32428	.52941		R
GS-40-Core General Gas Service									
Basic Service Charge	\$ 11.00							\$ 11.00	
Transportation Service Charge	\$ 780.00							\$ 780.00	
Cost per Therm									
First 100	\$.60232	\$.12657	\$.72889	\$.00093	\$.15841	\$.32428	\$ 1.21251		R
Next 500	\$.44396	.12657	.57053	.00093	.15841	.32428	1.05415		R
Next 2,400	\$.31727	.12657	.44384	.00093	.15841	.32428	.92746		R
Over 3,000	\$.15995	.12657	.28652	.00093	.15841	.32428	.77014		R

Advice Letter No. 1023
Decision No. _____

Issued by
Justin Lee Brown
Vice President

Date Filed November 30, 2016
Effective _____
Resolution No. _____

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			
GS-50-Core Natural Gas Service for Motor Vehicles								
Basic Service Charge	\$25.00						\$25.00	
Cost per Therm	\$.11822	\$.12657	\$.24479	\$.00093	\$.15841	\$.32428	\$.72841	R
GS-60-Core Internal Combustion Engine Gas Service								
Basic Service Charge	\$25.00						\$25.00	
Cost per Therm	\$.17563	\$.12657	\$.30220	\$.00093	\$.15841	\$.32428	\$.78582	R
GS-LUZ-Solar Electric Generation Gas Service								
Basic Service Charge	\$50.00						\$50.00	
Cost per Therm	\$.05064	\$.00133	\$.05197	\$.00093			\$.05290	
GS-66-Core Small Electric Power Generation Gas Service								
Basic Service Charge	\$25.00						\$25.00	
Cost per Therm	\$.25015	\$.12657	\$.37672	\$.00093		\$.32428	\$.70193	R
GS-70-Noncore General Gas Transportation Service								
Basic Service Charge	\$100.00						\$100.00	
Transportation Service Charge	\$780.00						\$780.00	
Cost per Therm	\$.12834	\$.03661	\$.16495	\$.00093	\$.15841		\$.32429	R
GS-VIC City of Victorville Gas Service								
Basic Service Charge	\$11.00						\$ 11.00	
Transportation Service Charge	\$780.00						\$780.00	
Cost per Therm	\$.35956	\$.12657	\$.48613	\$.00093		\$.32428	\$.81134	R
TFF-Transportation Franchise Fee Surcharge Provision								
TFF Surcharge per Therm							\$.00364	
TDS – Transportation Distribution System Shrinkage Charge								
TDS Charge per Therm							\$.00246	
MHPS-Master-Metered Mobile Home Park Safety Inspection Provision								
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		
Upstream Intrastate Charges							
Storage	\$.01250		\$.01250			
Variable		.04453	\$.04453	.04453			
Upstream Interstate Reservation Charges							
IRRAM Surcharge		.07212		.07212			
Balancing Account Adjustments							
FCAM*		.00667	.00133	.00667	\$.00133		
ITCAM	(.00925)	(.00925)	(.00925)			
GHGBA**							
Non-Covered Entities							
Covered Entities							
Total Rate Adjustment	\$.12657	\$.03661	\$.12657	\$.00133		

* The FCAM surcharge includes an amount of \$.00133 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).

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 CPUC	PPP	Gas Cost	Effective Sales Rate	
GN-10-Residential Gas Service								
Basic Service Charge	\$ 5.00						\$ 5.00	
Cost per Therm								
Baseline Quantities	\$.71036	\$.19984	\$.91020	\$.00093	\$.05362	\$.31805	\$ 1.28280	R
Tier II	.82117	.19984	1.02101	.00093	.05362	.31805	1.39361	R
GN-12-CARE Residential Gas Service								
Basic Service Charge	\$ 4.00						\$ 4.00	
Cost per Therm								
Baseline Quantities	\$.46471	\$.19984	\$.66455	\$.00093	\$.03984	\$.31805	\$ 1.02337	R
Tier II	.55336	.19984	.75320	.00093	.03984	.31805	1.11202	R
GN-15-Secondary Residential Gas Service								
Basic Service Charge	\$ 6.00						\$ 6.00	
Cost per Therm	\$.85533	\$.19984	\$ 1.05517	\$.00093	\$.05362	\$.31805	\$ 1.42777	R
GN-20-Multi-Family Master-Metered Gas Service								
Basic Service Charge	\$ 25.00						\$ 25.00	
Cost per Therm								
Baseline Quantities	\$.71036	\$.19984	\$.91020	\$.00093	\$.05362	\$.31805	\$ 1.28280	R
Tier II	.82117	.19984	1.02101	.00093	.05362	.31805	1.39361	R
GN-25-Multi-Family Master-Metered Gas Service-Submetered								
Basic Service Charge	\$ 25.00						\$ 25.00	
Cost per Therm								
Baseline Quantities	\$.71036	\$.19984	\$.91020	\$.00093	\$.05362	\$.31805	\$ 1.28280	R
Tier II	.82117	.19984	1.02101	.00093	.05362	.31805	1.39361	R
Submetered Discount per Occupied Space	(\$11.01)						(\$11.01)	
GN-35-Agriculture Employee Housing & Nonprofit Group Living Facility Gas Service								
Basic Service Charge	\$ 8.80						\$ 8.80	
Cost per Therm								
First 100	\$.36940	\$.19984	\$.56924	\$.00093	\$.03984	\$.31805	\$.92806	R
Next 500	.27396	.19984	.47380	.00093	.03984	.31805	.83262	R
Next 2,400	.18105	.19984	.38089	.00093	.03984	.31805	.73971	R
Over 3,000	.03482	.19984	.23466	.00093	.03984	.31805	.59348	R
GN-40-Core General Gas Service								
Basic Service Charge	\$ 11.00						\$ 11.00	
Transportation Service Charge	\$ 780.00						\$ 780.00	
Cost per Therm								
First 100	\$.59122	\$.19984	\$.79106	\$.00093	\$.05362	\$.31805	\$ 1.16366	R
Next 500	.47192	.19984	.67176	.00093	.05362	.31805	1.04436	R
Next 2,400	.35579	.19984	.55563	.00093	.05362	.31805	.92823	R
Over 3,000	.17300	.19984	.37284	.00093	.05362	.31805	.74544	R
GN-50-Core Natural Gas Service for Motor Vehicles								
Basic Service Charge	\$ 25.00						\$ 25.00	
Cost per Therm	\$.09852	\$.19984	\$.29836	\$.00093	\$.05362	\$.31805	\$.67096	R

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			
GN-60-Core Internal Combustion Engine Gas Service									
Basic Service Charge	\$ 25.00							\$ 25.00	
Cost per Therm	\$.27273	\$.19984		\$.47257	\$.00093	\$.05362	\$.31805	\$.84517	R
GN-66-Core Small Electric Power Generation Gas Service									
Basic Service Charge	\$ 25.00							\$ 25.00	
Cost per Therm	\$.27273	\$.19984		\$.47257	\$.00093		\$.31805	\$.79155	R
GN-70-Noncore General Gas Transportation Service									
Basic Service Charge	\$ 100.00							\$ 100.00	
Transportation Service Charge	\$ 780.00							\$ 780.00	
Cost per Therm	\$.16437	(\$.02764)		\$.13673	\$.00093	\$.05362		\$.19128	R
TFF-Transportation Franchise Fee Surcharge Provision									
TFF Surcharge per Therm								\$.00413	
TDS - Transportation Distribution System Shrinkage Charge									
TDS Charge per Therm								\$.00178	
MHPS-Master-Metered Mobile Home Park Safety Inspection Provision									
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	\$.02249			
Reservation	.22103			
IRRAM Surcharge	.00000		\$.00000	
Balancing Account Adjustments				
FCAM*	(.04368)		(.02764)	
GHGBA**				
Non-Covered Entities				
Covered Entities				
Total Rate Adjustment	\$.19984		(\$.02764)	

* The FCAM surcharge includes an amount of -\$0.02764 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).

Advice Letter No. 1023
Decision No. _____

Issued by
Justin Lee Brown
Vice President

Date Filed November 30, 2016
Effective _____
Resolution No. _____

STATEMENT OF RATES
RATES APPLICABLE TO SOUTH LAKE TAHOE 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			
SLT-10-Residential Gas Service									
Basic Service Charge	\$ 5.00							\$ 5.00	
Cost per Therm									
Baseline Quantities	\$.31102	\$.26560	\$.57662	\$.00093	\$.05362	\$.31805	\$.94922		R
Tier II	.39856	.26560	.66416	.00093	.05362	.31805	1.03676		R
SLT-12-CARE Residential Gas Service									
Basic Service Charge	\$ 4.00							\$ 4.00	
Cost per Therm									
Baseline Quantities	\$.13209	\$.26560	\$.39769	\$.00093	\$.03984	\$.31805	\$.75651		R
Tier II	.20212	.26560	.46772	.00093	.03984	.31805	.82654		R
SLT-15-Secondary Residential Gas Service									
Basic Service Charge	\$ 6.00							\$ 6.00	
Cost per Therm	\$.43159	\$.26560	\$.69719	\$.00093	\$.05362	\$.31805	\$ 1.06979		R
SLT-20-Multi-Family Master-Metered Gas Service									
Basic Service Charge	\$ 11.00							\$ 11.00	
Cost per Therm									
Baseline Quantities	\$.31102	\$.26560	\$.57662	\$.00093	\$.05362	\$.31805	\$.94922		R
Tier II	.39856	.26560	.66416	.00093	.05362	.31805	1.03676		R
SLT-25-Multi-Family Master-Metered Gas Service-Submetered									
Basic Service Charge	\$ 11.00							\$ 11.00	
Cost per Therm									
Baseline Quantities	\$.31102	\$.26560	\$.57662	\$.00093	\$.05362	\$.31805	\$.94922		R
Tier II	.39856	.26560	.66416	.00093	.05362	.31805	1.03676		R
Submetered Discount per Occupied Space	(\$7.69)						(\$ 7.69)		
SLT-35-Agriculture Employee Housing & Nonprofit Group Living Facility Gas Service									
Basic Service Charge	\$ 8.80							\$ 8.80	
Cost per Therm									
First 100	\$.22111	\$.26560	\$.48671	\$.00093	\$.03984	\$.31805	\$.84553		R
Next 500	.17044	.26560	.43604	.00093	.03984	.31805	.79486		R
Next 2,400	.11976	.26560	.38536	.00093	.03984	.31805	.74418		R
Over 3,000	.02631	.26560	.29191	.00093	.03984	.31805	.65073		R
SLT-40-Core General Gas Service									
Basic Service Charge	\$ 11.00							\$ 11.00	
Transportation Service Charge	\$ 780.00							\$ 780.00	
Cost per Therm									
First 100	\$.42230	\$.26560	\$.68790	\$.00093	\$.05362	\$.31805	\$ 1.06050		R
Next 500	.35896	.26560	.62456	.00093	.05362	.31805	.99716		R
Next 2,400	.29561	.26560	.56121	.00093	.05362	.31805	.93381		R
Over 3,000	.17880	.26560	.44440	.00093	.05362	.31805	.81700		R
SLT-50-Core Natural Gas Service for Motor Vehicles									
Basic Service Charge	\$ 11.00							\$ 11.00	
Cost per Therm	\$.20358	\$.26560	\$.46918	\$.00093	\$.05362	\$.31805	\$.84178		R

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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		
SLT-60-Core Internal Combustion Engine Gas Service							
Basic Service Charge	\$ 11.00						\$ 11.00
Cost per Therm	\$.23175	\$.26560	\$.49735	\$.00093	\$.05362	\$.31805	\$.86995
SLT-66-Core Small Electric Power Generation Gas Service							
Basic Service Charge	\$ 11.00						\$ 11.00
Cost per Therm	\$.23175	\$.26560	\$.49735	\$.00093		\$.31805	\$.81633
SLT-70-Noncore General Gas Transportation Service							
Basic Service Charge	\$ 100.00						\$ 100.00
Transportation Service Charge	\$ 780.00						\$ 780.00
Cost per Therm	\$.16707	\$.03812	\$.20519	\$.00093	\$.05362		\$.25974
TFF-Transportation Franchise Fee Surcharge Provision							
TFF Surcharge per Therm							\$.00413
TDS-Transportation Distribution System Shrinkage Charge							
TDS Charge per Therm							\$.00178
MHPS-Master-Metered Mobile Home Park Safety Inspection Provision							
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
Upstream Interstate Charges				
Storage	\$.02249			
Reservation	.22103			
IRRAM Surcharge	.00000		\$.00000	
Balancing Account Adjustment				
FCAM *	.02208		.03812	
GHGBA				
Non-Covered Entities				
Covered Entities				
Total Rate Adjustment	\$.26560		\$.03812	

* The FCAM surcharge includes an amount of \$.03812 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).

Advice Letter No. 1023
Decision No. _____

Issued by
Justin Lee Brown
Vice President

Date Filed November 30, 2016
Effective _____
Resolution No. _____

Advice Letter No. 1023
Attachment 1

Schedules

**SOUTHWEST GAS CORPORATION
SOUTHERN CALIFORNIA DIVISION
BALANCING ACCOUNT SURCHARGE RATES
TWELVE-MONTHS ENDING OCTOBER 31, 2016**

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]	\$ 445,625		2
3	Total Core Volumes (Therms) [3]	84,839,677		3
4	Upstream Fixed Charges Included in Rates (Ln. 2/Ln.3)*(1+Ln.1)		<u>\$ 0.00534</u>	4
5	Margin Balance [2]	\$ 120,423		5
6	Total Throughput Less Special Contract Volumes (Therms) [3]	91,892,867		6
7	Margin Balance Amount Included in Rates (Ln. 5/Ln.6)*(1+Ln.1)		<u>\$ 0.00133</u>	7
8	Total FCAM Surcharge Rate (Ln. 4 + Ln. 7)		<u><u>\$ 0.00667</u></u>	8
<u>Intrastate Transportation Account Mechanism (ITCAM)</u>				
9	Upstream Variable Charges [2]	\$(836,609)		9
10	ITCAM Surcharge Rate (Ln. 9/Ln. 6)*(1+Ln.1)		<u><u>\$(0.00925)</u></u>	10

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

[2] Ending account balances at October 31, 2016.

[3] Forecasted volumes twelve-months ended December 31, 2017.

**SOUTHWEST GAS CORPORATION
NORTHERN CALIFORNIA DIVISION
BALANCING ACCOUNT SURCHARGE RATES
TWELVE-MONTHS ENDING OCTOBER 31, 2016**

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]	\$ (707,811)		2
3	Total Core Volumes (Therms) [3]	44,783,176		3
4	Upstream Fixed Charges Included in Rates (Ln. 2/Ln.3)*(1+Ln.1)		<u>\$ (0.01604)</u>	4
5	Margin Balance [2]	\$ (688,071)		5
6	Total Throughput (Therms) [4]	25,253,101		6
7	Margin Balance Amount Included in Rates (Ln. 5/Ln.6)*(1+Ln.1)		<u>\$ (0.02764)</u>	7
8	Total FCAM Surcharge Rate (Ln. 4 + Ln. 7)		<u><u>\$ (0.04368)</u></u>	8

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

[2] Ending account balances at October 31, 2016.

[3] Northern California & South Lake Tahoe Jurisdictions combined forecasted volumes, twelve-months ended December 31, 2017.

[4] Northern California forecasted volumes twelve-months ended December 31, 2017.

**SOUTHWEST GAS CORPORATION
SOUTH LAKE TAHOE DIVISION
BALANCING ACCOUNT SURCHARGE RATES
TWELVE-MONTHS ENDING OCTOBER 31, 2016**

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]	\$(707,811)		2
3	Total Core Volumes (Therms) [3]	44,783,176		3
4	Upstream Fixed Charges Included in Rates (Ln. 2/Ln.3)*(1+Ln.1)		<u>\$ (0.01604)</u>	4
5	Margin Balance [2]	\$ 793,134		5
6	Total Throughput (Therms) [4]	21,107,330		6
7	Margin Balance Amount Included in Rates (Ln. 5/Ln.6)*(1+Ln.1)		<u>\$ 0.03812</u>	7
8	Total FCAM Surcharge Rate (Ln. 4 + Ln. 7)		<u><u>\$ 0.02208</u></u>	8

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

[2] Ending account balances at October 31, 2016.

[3] Northern California & South Lake Tahoe Jurisdictions combined forecasted volumes, twelve-months ended December 31, 2017.

[4] South Lake Tahoe forecasted volumes, twelve-months ended December 31, 2017.

**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/Day)	9,490,000	\$ 0.27000	\$ 2,562,300		2
3	G-BTS1 Southern California Gas Company (SoCal) Backbone Transportation Service (Dth/Day)	9,490,000	\$ 0.18629	\$ 1,767,892		3
4	G-BTS2 Southern California Gas Company (SoCal) Backbone Transportation Service (Dth/Day)	9,125,000	\$ 0.14903	\$ 1,359,899		4
5	GT-SWGX SoCal Pisgah Meter Station (Months)	12	\$ 27,505	\$ 330,060		5
6	Total Annual Reservation Charges			<u>\$ 6,020,151</u>		6
7	Total Core Sales Volumes (Therms) [2]	84,839,677				7
8	Reservation Rate (Ln.6/Ln.7)*(1+Ln.1)				<u>\$ 0.07212</u>	8
<u>Upstream Intrastate Storage Charges</u>						
9	G-TBS SoCal Transaction Based Storage Service - Inventory Storage Reservation Charge (Dth/Day)	613,937,300	\$ 0.00170	\$ 1,043,693		9
10	Total Annual Storage Charges			<u>\$ 1,043,693</u>		10
11	Total Core Throughput (Therms) [3]	84,839,677				11
12	Storage Rate (Ln.10/Ln.11)*(1+Ln.1)				<u>\$ 0.01250</u>	12
<u>Upstream Intrastate Variable Charges</u>						
13	GT-TLS (GT-9CA) SoCal Intrastate Transportation Service (Therms)	96,609,174	\$ 0.01485	\$ 1,434,646		13
14	GT-SWGX SoCal Exchange Wholesale Natural Gas Service (Therms)	24,152,294	\$ 0.11273	\$ 2,722,688		14
15	Kern Transmission Service (Therms)	98,446,371	\$ 0.00044	\$ 43,316		15
16	Total Annual Variable Charges			<u>\$ 4,200,651</u>		16
17	Total Throughput (Therms) [4]	95,872,627				17
18	Variable Rate (Ln.16/Ln.17)*(1+Ln.1)				<u>\$ 0.04453</u>	18

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

[2] Forecasted core sales volumes, twelve-months ended December 31, 2016.

[3] Forecasted total core throughput, twelve-months ended December 31, 2016.

[4] Forecasted total throughput, less exempt volumes, twelve-months ended December 31, 2016.

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]	44,783,176				2
<u>Upstream Interstate Reservation Charges (DTH)</u>						
3	Northwest Pipeline	2,284,920	\$ 1.24368	\$ 2,841,702		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	365,412	\$ 0.83615	1,833,235		6
7	Total Reservation Charge			<u>\$ 9,756,148</u>		7
8	Reservation Rate (Ln.7/Ln.2)*(1+Ln.1)				<u>\$ 0.22103</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.11/Ln.2)*(1+Ln.1)				<u>\$ 0.02249</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, 2016.

Advice Letter No. 1023
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		2017	
		Forecast	Recorded	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	12,245	13,785		13,781	
4	Lost and Unaccounted for Gas ¹ (MMcf)	0		98		99	
5	Total Supplied Gas (MMcf) (Line 3 + Line 4)	13,683		13,883		13,881	
6	Emissions Conversion Factor (MTCO ₂ e/MMcf)	54.64437	54.55602	54.64437		54.64437	
7	Compliance Obligation for End Users and LUAF (MTCO ₂ e) (Line 5 * Line 6)	747,710		758,624		758,499	
8	Compliance Obligation for Company Facilities (MTCO ₂ e)	0		0		0	
9	Gross Compliance Obligation (MTCO ₂ e) (Line 7 + Line 8)	747,710		758,624		758,499	
10	Directly Allocated Allowances ²	(728,600)		(713,936)		(700,043)	
11	Percentage Consigned to Auction	25%		30%		35%	
12	Consigned Allowances (Line 10 * Line 11) ²	182,150		214,180		245,015	
13	Net Compliance Obligation (MTCO ₂ e) (Line 9 + Line 10+ Line 12)	20,1260	121,627	258,868		303,471	
14	Proxy GHG Allowance Price ^{3,4,5}	\$ 12.96	\$	13.33	\$	13.23	\$
15	Compliance Instrument Cost ⁷	\$ 2,608,330	\$ 1,813,190	\$ 3,450,705	\$	\$ 4,014,916	\$
16	Interest		\$ 3,062				
17	Franchise Fees & Uncollectibles ⁶	\$ 42,516	\$ 29,555	\$ 56,246	\$	\$ 65,443	\$
18	Revenue Requirement (Line 15 + Line 16 + Line 17)	\$ 2,650,846	\$ 1,845,807	\$ 3,506,951	\$	\$ 4,080,359	\$
19	Previous Year's Cost Balancing Subaccount Balance						
20	Revenue Requirement to be Included in Rates (Line 18 + Line 19)	\$ 2,650,846	\$ 1,845,807	\$ 3,506,951	\$	\$ 4,080,359	\$
21	Covered Entity Rate Impact (\$/therm)						
22	Non-Covered Entity Rate Impact (\$/therm)						
Illustrative Rate Impacts: for Informational Purposes Only							
	2017 Rev Req + 50% of 2015 and 2016 Rev Reqs	\$ -	\$ -	\$ -	\$ -	\$ 6,756,738	\$ -
	2017 Rev Req + 50% of 2015 Rev Req	\$ -	\$ -	\$ -	\$ -	\$ 5,003,262	\$ -
	2017 Rev Req	\$ -	\$ -	\$ -	\$ -	\$ 4,080,359	\$ -
Non-Covered Entity Rate Impacts (\$/therm)							
	2017 Rev Req + 50% of 2015 and 2016 Rev Reqs	\$ -	\$ -	\$ -	\$ -	\$ 0.04769	\$ -
	2017 Rev Req + 50% of 2015 Rev Req	\$ -	\$ -	\$ -	\$ -	\$ 0.03532	\$ -
	2017 Rev Req	\$ -	\$ -	\$ -	\$ -	\$ 0.02880	\$ -
Covered Entity Rate Impacts (\$/therm)							
	2017 Rev Req + 50% of 2015 and 2016 Rev Reqs	\$ -	\$ -	\$ -	\$ -	\$ 0.00083	\$ -
	2017 Rev Req + 50% of 2015 Rev Req	\$ -	\$ -	\$ -	\$ -	\$ 0.00067	\$ -
	2017 Rev Req	\$ -	\$ -	\$ -	\$ -	\$ 0.00053	\$ -

Footnotes

- 1 Lost and unaccounted for gas percentages were authorized in Southwest Gas' last General Rate Case (GRC) Decision 14-06-028.
- 2 2017 Vintage Allowances Allocated by CARB on October 24, 2016.
- 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 forecasted proxy price is the November 4, 2016, futures settlement price for vintage year 2017 allowances for delivery in December. The future settlements price was obtained from the Intercontinental Exchange dated November 4 2016, Futures Daily Market Report for Physical Environmental, "CAP-California Carbon Allowance Future-Vintage 2017 - California Carbon Allowance Vintage 2017." This methodology is consistent with Southwest Gas' methodology for forecasting gas supply prices.
- 6 The F&U Rate was authorized in Southwest Gas' last General Rate Case (GRC) Decision 14-06-028.
- 7 2016 Recorded Cost through October 31, 2016.

SOUTHWEST GAS CORPORATION
Advice Letter No. 1023
D.15-10-032 - Appendix A
Table C: GHG Allowance Proceeds

Line	Description	2015		2016		2017	
		Forecast	Recorded	Forecast	Recorded	Forecast	Recorded
1	Proxy GHG Allowance Price (\$/MT) ^{1,2,3}	\$ 12.96	\$	13.33	\$	13.23	\$
2	Directly Allocated Allowances ³	728,600		713,936		700,043	
3	Percentage Consigned to Auction	25%		30%		35%	
4	Consigned Allowances ³	182,150		214,180		245,015	
5	Allowance Proceeds	\$ (2,360,664)	\$ (2,247,731)	\$ (2,855,019)	\$	\$ (3,241,549)	
6	Previous Year's Revenue Balancing Subaccount Balance		\$ (4,019)				
7	Interest		\$ (2,251,750)				
8	Subtotal Allowance Proceeds (\$) (Line 5 + Line 6 + Line 7)	\$ (2,360,664)	\$ (2,251,750)	\$ (2,855,019)	\$	\$ (3,241,549)	
9	Outreach and Admin Expenses (\$) (from Table D)	\$ -	65 \$	66,810	66 \$	66,810	
10	Net GHG Proceeds Available for Customer Returns (\$) (Line 8 + Line 9)	\$ (2,360,664)	\$ (2,251,685)	\$ (2,788,209)	66 \$	\$ (3,174,739)	
11	Number of Residential Households	179,352		186,789		188,662	
12	Per Household California Climate Credit (\$) (Line 10 / Line 11)						
Illustrative Climate Credits for Informational Purposes Only							
	2017 Net GHG Proceeds + 50% of 2015 and 2016 Net GHG Proceeds	\$ -	\$ -	\$ -	\$	\$ 5,694,686	
	2017 Net GHG Proceeds + 50% of 2015 Net GHG Proceeds	\$ -	\$ -	\$ -	\$	\$ 4,300,582	
	2017 Net GHG Proceeds	\$ -	\$ -	\$ -	\$	\$ 3,174,739	
California Climate Credit to Residential Households							
	2017 Net GHG Proceeds + 50% of 2015 and 2016 Net GHG Proceeds	\$ -	\$ -	\$ -	\$	\$ 30.18	
	2017 Net GHG Proceeds + 50% of 2015 Net GHG Proceeds	\$ -	\$ -	\$ -	\$	\$ 22.80	
	2017 Net GHG Proceeds	\$ -	\$ -	\$ -	\$	\$ 16.83	
California Climate Credit to All Non-Covered Entities							
	2017 Net GHG Proceeds + 50% of 2015 and 2016 Net GHG Proceeds	\$ -	\$ -	\$ -	\$	\$ 29.43	
	2017 Net GHG Proceeds + 50% of 2015 Net GHG Proceeds	\$ -	\$ -	\$ -	\$	\$ 22.22	
	2017 Net GHG Proceeds	\$ -	\$ -	\$ -	\$	\$ 16.41	

Footnotes

- 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.
- 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.
- The forecasted proxy price is the November 4, 2016, futures settlement price for vintage year 2017 allowances for delivery in December. The future settlements price was obtained from the Intercontinental Exchange dated November 4, 2016, Futures Daily Market Report for Physical Environmental, "CAP-California Carbon Allowance Future-Vintage 2017 - California Carbon Allowance Vintage 2017." This methodology is consistent with Southwest Gas' methodology for forecasting gas supply prices.
- 2016 Vintage Allowances Allocated by CARB on October 26, 2015.

SOUTHWEST GAS CORPORATION

Advice Letter No. 1023

D.15-10-032 - Appendix A

Table D: GHG Outreach and Administrative Expenses

Line	Description	2015		2016		2017	
		Forecast Recorded	Forecast Recorded	Forecast Recorded	Forecast Recorded	Forecast Recorded	Forecast Recorded
1	Outreach Expenses						
2	Detail of Outreach Activity (\$)						
3	Website Page		\$ 2,000		\$ 2,000		\$ 2,000
4	E-Blasts		\$ 5,000	\$ 65	\$ 5,000		\$ 5,000
5	Bill Insert		\$ 2,500		\$ 2,500		\$ 2,500
6	On-Bill Message		\$ -		\$ -		\$ -
7	On-Hold Phone Message		\$ 1,000		\$ 1,000		\$ 1,000
8	Post Phone Survey		\$ 55,000		\$ 55,000		\$ 55,000
9	Subtotal Outreach (\$)	\$ -	\$ 65,500	\$ 65	\$ 65,500	\$ 65	\$ 65,500
10	Administrative Expenses						
11	Detail of Administrative Activity (\$)						
12	Programming		\$ -		\$ -		\$ -
13	Testing		\$ -		\$ -		\$ -
14	Subtotal Administrative (\$)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Subtotal Outreach and Administrative (\$)	\$ -	\$ 65,500	\$ 65	\$ 65,500	\$ 65	\$ 65,500
16	Interest (\$)	\$ -	\$ 1,310	\$ 1	\$ 1,310	\$ 1	\$ 1,310
17	Total (\$)	\$ -	\$ 66,810	\$ 66	\$ 66,810	\$ 66	\$ 66,810

SOUTHWEST GAS CORPORATION

Advice Letter No. 1023

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 ₂ e)	668,077					
Company Facility Compliance Obligation (MTCO ₂ e)	0					