

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



December 22, 2016

**Advice Letter 1025**

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 1025 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.

Sincerely,

Edward Randolph  
Director, Energy Division

cc: Valerie J. Ontiveroz, Regulatory Manager, [valerie.ontiveroz@swgas.com](mailto:valerie.ontiveroz@swgas.com)



## 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. 1025

Enclosed herewith is one (1) copy of Southwest Gas Corporation's Advice Letter No. 1025, together with California Gas Tariff Sheet Nos. 18, 65 and 66.

Sincerely,

Valerie J. Ontiveroz  
Regulatory Manager/California

VJO:jjp  
Enclosures



# SOUTHWEST GAS CORPORATION

Advice Letter No. 1025

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.
8th Revised Sheet No. 18	Preliminary Statement ( <i>Continued</i> )	6th Revised Sheet No. 18
82nd Revised Sheet No. 65	Statement of Rates - Rates Applicable to Southern California Service Area	79th Revised Sheet No. 65
83rd Revised Sheet No. 66	Statement of Rates - Rates Applicable to Northern California Service Area	80th Revised Sheet No. 66

### Purpose

The purpose of this Advice Letter is to include an adjustment to Southwest Gas' 2017 Post Test-Year attrition increase to recover costs associated with the Company's Natural Gas Transmission Pipeline Comprehensive Pressure Testing Implementation Plan (Implementation Plan) approved in Decision (D.) 13-10-024.<sup>1</sup>

### Background

On February 24, 2011, the Commission adopted Rulemaking (R.) 11-02-019 to Adopt New Safety and Reliability Regulations for Natural Gas Transmission and Distribution Pipelines and Related Ratemaking Mechanism, "...to establish a new model of natural gas pipeline safety regulation applicable to all California pipelines."<sup>2</sup> On June 9, 2011, the Commission issued D.11-06-017, which ended "grandfathering" for establishing Maximum Allowable Operating Pressure for certain pipelines, and ordered all California natural gas transmission operators to file implementation plans, "...to achieve the goal of orderly and cost effectively replacing or testing all natural gas transmission pipeline that have not been pressure tested."<sup>3</sup> Additionally, operators were required to include ratemaking proposals in their plans that included specific rate base and expenses amounts, and propose rate impacts.<sup>4</sup>

<sup>1</sup> Contemporaneous herewith, Southwest Gas is filing its 2017 Post Test-Year revenue attrition adjustments in Advice Letter No. 1024. The attrition adjustments are applicable to the Company's three ratemaking jurisdictions.

<sup>2</sup> R.11-02-019, pg. 1.

<sup>3</sup> D.11-06-017, pg. 1

<sup>4</sup> D.11-06-017, Ordering Paragraph (OP) 7.



**Background** *(continued)*

Southwest Gas filed its Implementation Plan on August 26, 2011, proposing to replace 7.1 miles of transmission pipeline in its Victor Valley System. With respect to its Harper Lake system, the Company proposed installing a remote control shut-off valve to minimize the time to shut off gas flow in the event of an unanticipated release of gas. The Commission approved Southwest Gas' Implementation Plan on October 17, 2013<sup>5</sup> authorizing \$250,000 for the remote control shut-off valve on the Harper Lake System and the actual capital cost and expense of replacing the Victor Valley system pipeline, less the costs of replacing 2,175 feet of pipeline.<sup>6</sup> Additionally, pursuant to OP 2 in D.13-10-024:

Southwest Gas Corporation is authorized to file a Tier 1 Advice Letter to create a memorandum account in which to record expenditures pursuant to the Implementation Plan from the effective date of today's decision. Any accumulated balance, plus interest, may be amortized in the next general rate case or post-test year adjustment.<sup>7</sup>

The 7.1 miles of the Victor Valley System transmission pipeline was placed into service on December 30, 2015 and the installation of the remote control shut-off valve in the Harper Lake System was completed on December 31, 2015.

Southwest Gas included the projected revenue requirement associated with its Implementation Plan as an adjustment to its 2016 Post Test-Year Attrition increase.<sup>8</sup> Subsequently, in compliance with OP 5 in D.13-10-024, the Company submitted the final accounting of costs for its Implementation Plan in Advice Letter No. 1019, which were higher than the projected costs submitted in Advice Letter No. 996. Therefore, the purpose of this Advice Letter is to adjust its 2017 Post Test-Year Attrition increase to reflect the final costs associated with the Company's Implementation Plan. The 2017 revenue requirement is included in the attached schedule.

**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 General Order (GO) 96-B. Southwest Gas respectfully requests this Advice Letter be approved December 30, 2016, which is thirty (30) calendar days after the date filed, with rates effective January 1, 2017.

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<sup>5</sup> D.13-10-024, OP 1.

<sup>6</sup> D.13-10-024, OP 3.

<sup>7</sup> Southwest Gas filed Advice Letter No. 935 to establish its Pipeline Integrity Memorandum Account, effective March 7, 2014.

<sup>8</sup> Advice Letter No. 996, approved by the Commission's Energy Division on December 30, 2015.



**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, 4<sup>th</sup> Floor  
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:

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 this Advice Letter is being filed pursuant to D.13-10-024.

**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.



Advice Letter No. 1025  
Page 4  
November 30, 2016

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:

A handwritten signature in blue ink, appearing to read "Justin Lee Brown", written over a horizontal line.

Justin Lee Brown

Attachments

**Distribution List**

Advice Letter No. 1025

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](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. <b>Southwest Gas Corporation (U 905G)</b>	
Utility type: <input type="checkbox"/> ELC <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PLC <input type="checkbox"/> HEAT <input type="checkbox"/> WATER	Contact Person: <b><u>Valerie J. Ontiveroz</u></b> Phone #: <b><u>(702) 876-7323</u></b> E-mail: <b><u>valerie.ontiveroz@swgas.com</u></b>
EXPLANATION OF UTILITY TYPE ELC = Electric     GAS = Gas PLC = Pipeline     HEAT = Heat     WATER = Water	(Date Filed/ Received Stamp by CPUC)
Advice Letter (AL) #: <b><u>1025</u></b>	
Subject of AL: <b><u>To adjust Southwest Gas' 2017 Post Test-Year Attrition increase to reflect the final costs associated with the Company's Implementation Plan.</u></b>	
Keywords (choose from CPUC listing): <b><u>Attrition Adjustment</u></b>	
AL filing type: <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Annual <input checked="" type="checkbox"/> One-Time <input type="checkbox"/> 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 <b><u>Not applicable</u></b>	
Summarize differences between the AL and the prior withdrawn or rejected AL <sup>1</sup> : <b><u>Not applicable</u></b>	
Resolution Required? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Requested effective date: <b><u>January 1, 2017</u></b>	No. of tariff sheets: <b><u>3</u></b>
Estimated system annual revenue effect (%): <b><u>1.45 % SCA</u></b>	
Estimated system average rate effect (%): <b><u>1.45 % SCA</u></b>	
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: <b><u>Not applicable</u></b>	
Service affected and changes proposed <sup>9</sup> : <b><u>See 'Subject of AL' above</u></b>	
Pending advice letters that revise the same tariff sheets: <b><u>AL 1024</u></b>	
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:	
<b>CPUC, Energy Division</b> <b>Attention: Tariff Unit</b> <b>505 Van Ness Ave.</b> <b>San Francisco, CA 94102</b> <b>E-mail: <a href="mailto:edtariffunit@cpuc.ca.gov">edtariffunit@cpuc.ca.gov</a></b>	<b>Utility Info (including e-mail)</b> <b>Mr. Justin Lee Brown,</b> <b>Vice-President/Regulation &amp; Public Affairs</b> <b>Southwest Gas Corporation</b> <b>P. O. Box 98510</b> <b>Las Vegas, NV 89193-8510</b> <b>E-mail: <a href="mailto:justin.brown@swgas.com">justin.brown@swgas.com</a></b> <b>Facsimile: 702-364-3452</b>

<sup>9</sup> Discuss in AL if more space is needed.



**PRELIMINARY STATEMENT**  
*(Continued)*

9. **FIXED COST ADJUSTMENT MECHANISM (FCAM) (Continued)**

9F. **ACCOUNTING PROCEDURE (Continued)**

**ANNUAL 2017 MARGIN**

	<u>Southern California</u>	<u>Northern California</u>	<u>South Lake Tahoe</u>
January	\$ 10,001,452	\$ 2,896,847	\$ 1,227,368
February	\$ 8,714,593	\$ 2,540,915	\$ 1,139,352
March	\$ 7,526,063	\$ 2,328,254	\$ 1,063,893
April	\$ 5,594,288	\$ 1,933,955	\$ 905,526
May	\$ 4,504,049	\$ 1,406,034	\$ 731,304
June	\$ 4,857,907	\$ 1,073,871	\$ 604,522
July	\$ 4,353,950	\$ 765,235	\$ 487,679
August	\$ 4,438,195	\$ 679,703	\$ 456,172
September	\$ 4,723,025	\$ 724,012	\$ 476,382
October	\$ 3,501,007	\$ 906,911	\$ 584,900
November	\$ 4,846,682	\$ 1,497,196	\$ 814,594
December	\$ 8,043,198	\$ 2,414,485	\$ 1,082,680
<u>Total</u>	<u>\$ 71,104,409</u>	<u>\$ 19,167,418</u>	<u>\$ 9,574,372</u>

2. An entry to record interest on the Fixed Cost Balancing Account balance after entry (1) above, calculated as set forth in Section 12B of this Preliminary Statement.

**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	\$ .69366	\$ .29636	\$ .99002	\$ .00093	\$ .15841	\$ .32428	\$ 1.47364	
Tier II	\$ .86493	.29636	1.16129	.00093	.15841	.32428	1.64491	
<b>GS-11-Residential Air-Conditioning Gas Service</b>								
Basic Service Charge	\$ 5.00							\$ 5.00
Cost per Therm								
Tier I	\$ .69366	\$ .29636	\$ .99002	\$ .00093	\$ .15841	\$ .32428	\$ 1.47364	
Tier II	.86493	.29636	1.16129	.00093	.15841	.32428	1.64491	
Air-Conditioning	\$ .34683	.29636	.64319	.00093	.15841	.32428	1.12681	
<b>GS-12-CARE Residential Gas Service</b>								
Basic Service Charge	\$ 4.00							\$ 4.00
Cost per Therm								
Baseline Quantities	\$ .43080	\$ .29636	\$ .72716	\$ .00093	\$ .03984	\$ .32428	\$ 1.09221	
Tier II	.56782	.29636	.86418	.00093	.03984	.32428	1.22923	
<b>GS-15-Secondary Residential Gas Service</b>								
Basic Service Charge	\$ 6.00							\$ 6.00
Cost per Therm	\$ 1.06499	\$ .29636	\$ 1.36135	\$ .00093	\$ .15841	\$ .32428	\$ 1.84497	
<b>GS-20-Multi-Family Master-Metered Gas Service</b>								
Basic Service Charge	\$ 25.00							\$ 25.00
Cost per Therm								
Baseline Quantities	\$ .69366	\$ .29636	\$ .99002	\$ .00093	\$ .15841	\$ .32428	\$ 1.47364	
Tier II	.86493	.29636	1.16129	.00093	.15841	.32428	1.64491	
<b>GS-25 -Multi-Family Master-Metered Gas Service-Submetered</b>								
Basic Service Charge	\$ 25.00							\$ 25.00
Cost per Therm								
Baseline Quantities	\$ .69366	\$ .29636	\$ .99002	\$ .00093	\$ .15841	\$ .32428	\$ 1.47364	
Tier II	.86493	.29636	1.16129	.00093	.15841	.32428	1.64491	
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	\$ .37098	\$ .29636	.66734	\$ .00093	\$ .03984	\$ .32428	\$ 1.03239	
Next 500	.24081	.29636	.53717	.00093	.03984	.32428	.90222	
Next 2,400	.13666	.29636	.43302	.00093	.03984	.32428	.79807	
Over 3,000	.01677	.29636	.31313	.00093	.03984	.32428	.67818	
<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	\$ .61888	\$ .29636	\$ .91524	\$ .00093	\$ .15841	\$ .32428	\$ 1.39886	
Next 500	\$ .45617	.29636	.75253	.00093	.15841	.32428	1.23615	
Next 2,400	\$ .32599	.29636	.62235	.00093	.15841	.32428	1.10597	
Over 3,000	\$ .17612	.29636	.47248	.00093	.15841	.32428	.95610	

Advice Letter No. 1025  
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		
<u>GS-50-Core Natural Gas Service for Motor Vehicles</u>							
Basic Service Charge	\$25.00						\$25.00
Cost per Therm	\$ .12183	\$ .29636	\$ .41819	\$ .00093	\$ .15841	\$ .32428	\$ .90181
<u>GS-60-Core Internal Combustion Engine Gas Service</u>							
Basic Service Charge	\$25.00						\$25.00
Cost per Therm	\$ .18132	\$ .29636	\$ .47768	\$ .00093	\$ .15841	\$ .32428	\$ .96130
<u>GS-LUZ-Solar Electric Generation Gas Service</u>							
Basic Service Charge	\$50.00						\$50.00
Cost per Therm	\$ .05217	\$ .17135	\$ .22352	\$ .00093			\$ .22445
<u>GS-66-Core Small Electric Power Generation Gas Service</u>							
Basic Service Charge	\$25.00						\$25.00
Cost per Therm	\$ .26205	\$ .29636	\$ .55841	\$ .00093		\$ .32428	\$ .88362
<u>GS-70-Noncore General Gas Transportation Service</u>							
Basic Service Charge	\$100.00						\$100.00
Transportation Service Charge	\$780.00						\$780.00
Cost per Therm	\$ .13261	\$ .19674	\$ .32935	\$ .00093	\$ .15841		\$ .48869
<u>GS-VIC City of Victorville Gas Service</u>							
Basic Service Charge	\$11.00						\$ 11.00
Transportation Service Charge	\$780.00						\$780.00
Cost per Therm	\$ .37077	\$ .29636	\$ .66713	\$ .00093		\$ .32428	\$ .99234
<u>TFF-Transportation Franchise Fee Surcharge Provision</u>							
TFF Surcharge per Therm							\$ .00364
<u>TDS – Transportation Distribution System Shrinkage Charge</u>							
TDS Charge per Therm							\$ .00246
<u>MHPS-Master-Metered Mobile Home Park Safety Inspection Provision</u>							
MHPS Surcharge per Space per Month							\$ .21000

**SOUTHWEST GAS CORPORATION  
SOUTHERN CALIFORNIA  
2017 POST-TEST YEAR ADJUSTED AUTHORIZED MARGIN**

Line No.	Description (a)	2016 (b)	2017 (c)	Line No.
1	Previous Year's Authorized Margin [1]	\$ 65,500,149	\$ 69,029,712	1
2	Post-Test Year Adjustment Percent [2]	2.75%	2.75%	2
3	Post-Test Year Adjustment Dollars	<u>\$ 1,801,254</u>	<u>\$ 1,898,317</u>	3
4	Authorized Margin [1],[2]	<u>\$ 67,301,403</u>	<u>\$ 70,928,030</u>	4
5	ATM Cost of Capital Adjustment	\$ 0	\$ 0	5
6	PIMA - Victor Valley Transmission System	<u>\$ 1,728,309</u>	<u>\$ 176,379</u>	6
6	Adjusted Authorized Margin	<u>\$ 69,029,712</u>	<u>\$ 71,104,409</u>	6
7	Special Contract Gas Service	<u>\$ 22,379</u>	<u>\$ 22,379</u>	7
8	Total Authorized Margin Amount	<u><u>\$ 69,052,091</u></u>	<u><u>\$ 71,126,788</u></u>	8

[1] Does not include Special Contract Gas Service Amounts.

[2] Approved by Commission in D.14-06-028.