

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 16, 2017

Advice Letter 1033

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

**Subject: Removal of Pipeline Integrity Memorandum Account
from the Preliminary Statement**

Dear Mr. Brown:

Advice Letter 1033 is effective as of March 13, 2017.

Sincerely,

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

Edward Randolph
Director, Energy Division



SOUTHWEST GAS CORPORATION

February 15, 2017

ATTN: Tariff Unit, Energy Division
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

Subject: Southwest Gas Corporation (U 905 G)
Advice Letter No. 1033

Enclosed herewith is one (1) copy of Southwest Gas Corporation's Advice Letter No. 1033, together with California Gas Tariff Sheet Nos. 2, and 41-45.6.

Sincerely,


Valerie J. Ontiveroz
Regulatory Manager/California

VJO:jjp
Enclosures



SOUTHWEST GAS CORPORATION

Advice Letter No. 1033

February 15, 2017

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.
6th Revised Sheet No. 2	Table of Contents	5th Revised Sheet No. 2
5th Revised Sheet No. 41	Preliminary Statements – <i>(Continued)</i>	4th Revised Sheet No. 41
5th Revised Sheet No. 42	Preliminary Statements – <i>(Continued)</i>	4th Revised Sheet No. 42
6th Revised Sheet No. 43	Preliminary Statements – <i>(Continued)</i>	5th Revised Sheet No. 43
5th Revised Sheet No. 44	Preliminary Statements – <i>(Continued)</i>	4th Revised Sheet No. 44
5th Revised Sheet No. 45	Preliminary Statements – <i>(Continued)</i>	4th Revised Sheet No. 45
3rd Revised Sheet No. 45.1	Preliminary Statements – <i>(Continued)</i>	2nd Revised Sheet No. 45.1
2nd Revised Sheet No. 45.2	Preliminary Statements – <i>(Continued)</i>	1st Revised Sheet No. 45.2
2nd Revised Sheet No. 45.3	Preliminary Statements – <i>(Continued)</i>	1st Revised Sheet No. 45.3
3rd Revised Sheet No. 45.4	Preliminary Statements – <i>(Continued)</i>	2nd Revised Sheet No. 45.4
3rd Revised Sheet No. 45.5	Preliminary Statements – <i>(Continued)</i>	2nd Revised Sheet No. 45.5
3rd Revised Sheet No. 45.6	Held for Future Use	2nd Revised Sheet No. 45.6



Purpose

The purpose of this filing is to remove the Pipeline Integrity Memorandum Account (PIMA) from the Preliminary Statement of Southwest Gas' California Gas Tariff (Tariff).

Background

On October 17, 2013, the California Public Utilities Commission approved (D.)13-10-024¹, establishing the Pipeline Integrity Memorandum Account (PIMA) in which to record expenditures pursuant to Southwest Gas' Natural Gas Transmission Pipeline Comprehensive Pressure Testing Implementation Plan (Implementation Plan). The PIMA was authorized to account for the actual capital cost and expense for the replacement of 7.1 miles of the Victor Valley System transmission pipeline, less the cost of replacing 2,175 feet of pipeline, and up to \$250,000 for the installation of a remote control shut-off valve in the Harper Lake system. Ordering Paragraph 2 in D.13-10-024, authorized Southwest Gas to record the costs associated with its Implementation Plan in the PIMA and amortize any accumulated balance, plus interest, in the Company's next general rate case or post-test year adjustment. Southwest Gas has completed the work associated with its Implementation Plan² and the associated revenue requirement was included in the Company's 2016 post-test year attrition adjustment.³ Therefore, the PIMA is no longer necessary and Southwest Gas requests authorization to remove the account from its tariff.

This Advice Letter will not increase any rate or charges, cause the withdrawal of service, or conflict with any other schedule or rule.

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 March 13, 2017, which is thirty (30) calendar days after the date filed.

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:

¹ Issued in Rulemaking 11-02-019

² 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.

³ Advice Letter No. 996, approved by the Energy Division on December 30, 2015. Subsequently, Advice Letter No. 1025, approved on December 22, 2016, authorized the final costs associated with the Implementation Plan to be included in the 2017 post-test year attrition adjustment.



Protest *(continued)*

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:

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

Southwest Gas is exempt from the notice requirements set forth in General Rule 4.2 in GO 96-B since this Advice Letter will not increase any rate or charges, cause the withdrawal of service, or conflict with any other schedule or rule.

Service

In accordance with GO 96-B, General Rule 7.2, Southwest Gas is serving 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. 1033

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) #: **1033**

Subject of AL: **Removal of Pipeline Integrity Memorandum Account from the Preliminary Statement.**

Keywords (choose from CPUC listing): **PIMA**

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: **March 13, 2017**

No. of tariff sheets: **12**

Estimated system annual revenue effect (%): **Not applicable**

Estimated system average rate effect (%): **Not applicable**

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: **None**

Service affected and changes proposed⁴: **Not applicable**

Pending advice letters that revise the same tariff sheets: **Not applicable**

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

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

⁴ Discuss in AL if more space is needed.

SOUTHWEST GAS CORPORATION

P.O. Box 98510

Las Vegas, Nevada 89193-8510

California Gas Tariff

Canceling 6th Revised Cal. P.U.C. Sheet No. 2
5th Revised Cal. P.U.C. Sheet No. 2

TABLE OF CONTENTS

The following listed sheets contain all the effective rates and rules affecting rates and service and information relating thereto in effect on and after the date indicated thereon.

<u>DESCRIPTION</u>	<u>CAL. P.U.C. SHEET NOS.</u>
Title Page	1
Table of Contents	2 – 8
Held for Future Use	9
Preliminary Statement	10 – 45.5
Held for Future Use	45.6
Map and Description of Franchise and Service Area	46 – 64
Statement of Rates	65 – 71
Held for Future Use	72 – 77
Other Service Charges	78

Advice Letter No. 1033
Decision No. _____

Issued by
Justin Lee Brown
Vice President

Date Filed February 15, 2017
Effective _____
Resolution No. _____

PRELIMINARY STATEMENT
(Continued)

20. INFRASTRUCTURE RELIABILITY AND REPLACEMENT ADJUSTMENT MECHANISM (IRRAM)

20A. PURPOSE

The purpose of the IRRAM is to balance the difference between the revenue requirements associated with Commission-approved programs with recorded revenues to recover these costs. The IRRAM will allow the Company to establish rates to recover the revenue requirement on these programs between general rate cases.

20B. APPLICABILITY

This IRRAM provision applies to bills for service under the rate schedules in the Company's California service areas excluding service provided under a Special Contract or any other exclusion provided for by the Commission.

20C. REVISION DATE

The Company will file an advice letter with the proposed IRRAM Adjustments by October 31 of each year, with a requested effective date of January 1 of the following year.

20D. FORECAST PERIOD VOLUMES

The volumes of gas, expressed in therms, to be utilized hereunder shall be the volumes estimated to be delivered during the 12 calendar-month period immediately following the Revision date.

20E. INFRASTRUCTURE RELIABILITY AND REPLACEMENT BALANCING ACCOUNT ADJUSTMENT

The Infrastructure Reliability and Replacement Balancing Account (IRRBA) Adjustment shall consist of a rate per therm to recover or return the amounts accumulated in the IRRBA plus an amount to recover the estimated annual revenue requirement, for each Commission-approved program included in the IRRAM.

L/T
T
T
T
T
T
L

PRELIMINARY STATEMENT

(Continued)

20. INFRASTRUCTURE RELIABILITY AND REPLACEMENT ADJUSTMENT MECHANISM (IRRAM) (Continued)

20E. INFRASTRUCTURE RELIABILITY AND REPLACEMENT BALANCING ACCOUNT ADJUSTMENT (Continued)

The IRRBA Adjustment shall be determined by dividing the sum of the balance in the IRRBA at the end of the latest available month at the time of filing and the estimated annual revenue requirement for each Commission-approved program included in the IRRAM by the total Forecast Period Volume gas deliveries. The IRRBA Adjustment shall be set forth in the currently-effective Statement of Rates of this California Gas Tariff.

20F. ACCOUNTING

Separate accounts will be maintained for the Company's Southern California, Northern California and South Lake Tahoe service areas and work performed under each Commission-approved IRRAM program shall be tracked separately.

The Company shall make the following entries to the IRRBA at the end of each month:

- a. A debit entry equal to the revenue requirement associated with work performed on each Commission-approved IRRAM program.
- b. A credit entry equal to the monthly recorded revenue associated with the IRRBA Adjustment.
- c. An entry to record interest in the IRRBA after entries a. and b. above, calculated as set forth in Section 12B of this Preliminary Statement.

PRELIMINARY STATEMENT
(Continued)

21. PENSION BALANCING ACCOUNT (PBA)

21A. PURPOSE

The PBA is a two-way balancing account recorded in the general ledger of the Company. The purpose of this account is to balance the difference between authorized and actual amounts associated with the Company pension fund that are allocable to California. Pursuant to D.14-06-028, effective June 12, 2014, the PBA will continue through the effective date of rates approved in the Company's next general rate case.

21B. ACCOUNTING PROCEDURES

Debit and or credit entries will be made at the end of each calendar year equal to the difference between pension amounts that were allocated to California and embedded in authorized rates, and actual pension amounts allocable to California, using the same allocation methodology approved in D.14-06-028.

21C. DISPOSITION

The PBA balance will be amortized beginning with the effective date of rates approved in the Company's next general rate case.

L
T
T
T
L

PRELIMINARY STATEMENT
(Continued)

22. MOBILE HOME PARK CONVERSION BALANCING ACCOUNT (MHPCBA)

22A. PURPOSE

The MHPCBA is a two-way balancing account for the purpose of recording and recovering the incremental revenue requirement associated with converting submetered residents at mobile home parks from master-metered natural gas service to direct utility service. The Company is authorized to establish the MHPCBA pursuant to Decision (D.) 14-03-021. A separate MHPCBA will be maintained for each of the Company's California rate jurisdictions.

22B. APPLICABILITY

The MHPCBA provision applies to all rate schedules, excluding customers served under a Special Contract or any other exclusion provided for by the Commission.

22C. REVISION DATE

Annually, the Company shall file a Tier I Advice Letter to update the MHPCBA adjustment rates using the month ended December 31 MHPCBA.

22D. FORECAST PERIOD VOLUMES

The volumes of gas, expressed in therms, to be utilized hereunder shall be the volumes estimated to be delivered during the 12 calendar-month period immediately following the Revision Date.

22E. ACCOUNTING

The Company will maintain separate subaccounts in the MHPCBA for its costs up to and including the customer's meter ("to the meter" costs) and for the reimbursable costs for work performed beyond the Company's meter ("beyond the meter" costs).

1. The Company shall make the following entries to the "to the meter" MHPCBA subaccount at the end of each month:
 - a. A debit entry for incremental O&M start-up costs, such as program development, customer outreach and administration expenses, not otherwise recovered in rates;

L/T
T
T
T
T
L

PRELIMINARY STATEMENT

(Continued)

22. MOBILE HOME PARK CONVERSION BALANCING ACCOUNT (MHPCBA)
(Continued)

- b. A debit entry equal to the revenue requirement associated with the Company's actual "to the meter" facilities cost. The revenue requirement is defined as an amount equal to the depreciation expense, property tax and return on plant in service. Depreciation expense will be calculated using the Company's authorized depreciation rates. Property tax will be calculated at the Company's authorized effective tax rates. Return on investment will be calculated at the Company's authorized pre-tax return on rate base;
 - c. A credit entry equal to the MHPCBA Adjustment Rate, excluding franchise taxes and uncollectible accounts expense, multiplied by the applicable volumes delivered during the month;
 - d. An entry to record interest on the balance calculated as set forth in Section 12B of this Preliminary Statements.
2. The Company will make the following entries to the "beyond the meter" MHPCBA subaccount at the end of each month:
- a. A debit entry equal to the revenue requirement related to the "beyond the meter" costs incurred, which includes amortization expense, all related taxes, and authorized return on investment at the Company's authorized pre-tax return on rate base. "Beyond the meter" costs are recorded as a regulatory asset and will be amortized over a period of ten years;
 - b. A credit entry equal to the ten year straight line amortization of the "beyond the meter" subaccount, as established in the Company's next general rate case;
 - c. An entry to record interest on the balance calculated as set forth in Section 12B of this Preliminary Statements.

22F. MHPCBA ADJUSTMENT RATES

A MHPCBA Adjustment Rate will be established for each of the Company's rate jurisdictions. The MHPCBA Adjustment Rates will be determined by dividing the December 31 balances recorded in the "to the meter" MHPCBA subaccounts by the total Forecast Period volumes. The MHPCBA Adjustment Rates shall be set forth in the currently-effective Statement of Rates of this California Gas Tariff.

PRELIMINARY STATEMENT
(Continued)

23. GREENHOUSE GAS (GHG) BALANCING ACCOUNT (GHGBA)

23A. PURPOSE

The GHGBA is a two-way balancing account for the purpose of tracking and recording costs incurred to comply with the California Air Resource Board's (ARB) natural gas supplier Cap-and-Trade Program and revenues from consignment of the Company's natural gas supplier GHG allowances for auction under the Cap-and-Trade Program. The Company is authorized to establish the GHGBA pursuant to Decision 14-12-040.

23B. APPLICABILITY

Costs and revenues recorded in the GHGBA provision apply to all customer classes, excluding end-use customers who emit 25,000 metric tons of CO₂e or more per year and are directly regulated by the ARB and any other customers who elect to opt-in to direct regulation under ARB's rules.

23C. REVISION DATE

The Company shall file to update the GHGBA adjustment rates pursuant to a final decision by the Commission in Phase 2 of Rulemaking 14-03-033.

23D. FORECAST PERIOD VOLUMES

The volumes of gas, expressed in therms, to be utilized hereunder shall be the volumes estimated to be delivered during the 12 calendar-month period immediately following the Revision Date excluding end-use customers who emit 25,000 metric tons of CO₂e or more per year and are directly regulated by the ARB and any other customers who elect to opt-in to direct regulation under ARB's Rules.

23E. ACCOUNTING

The Company will maintain separate subaccounts in the GHGBA for costs incurred to comply with the ARB's natural gas supplier Cap-and-Trade Program and for revenues received from consignment of allowance for auction.

1. The Company shall make the following entries for ARB natural gas supplier Cap-and-Trade Program costs in the GHGBA subaccount at the end of each month:
 - a. A debit entry for costs associated with the ARB's natural gas supplier Cap-and-Trade Program;
 - b. A debit entry for incremental Commission authorized Cap-and-Trade Program costs, not otherwise recovered in rates;

L/T
T
T
T
T
T
L

PRELIMINARY STATEMENT
(Continued)

23. GREENHOUSE GAS (GHG) BALANCING ACCOUNT (GHGBA)

23E. ACCOUNTING (continued)

- c. A credit entry equal to the GHGBA adjustment rate, excluding franchise taxes and uncollectible accounts expense, multiplied by the applicable volumes delivered during the month; and
 - d. An entry to record interest on the balance calculated as set forth in Section 12B of this Preliminary Statements.
2. The Company will make the following entries for Cap-and-Trade Program revenues from consignment in the GHGBA subaccount at the end of each month:
- a. A credit entry equal to GHG revenues received from consignment of the Company's natural gas supplier GHG allowances for auction under the Cap-and-Trade Program;
 - b. A debit entry equal to the revenues returned to customers pursuant to a final decision by the Commission in Phase 2 of Rulemaking 14-03-033; and
 - c. An entry to record interest on the balance calculated as set forth in Section 12B of this Preliminary Statement.

23F. GHGBA ADJUSTMENT RATES

The Company's GHG adjustment rates to recover costs to comply with the ARB's natural gas supplier Cap-and-Trade Program and to return revenues received from consignment of the Company's natural gas supplier GHG allowances for auction will be calculated pursuant to a final decision by the Commission in Phase 2 of Rulemaking 14-03-033.

T/L
T
T
L

PRELIMINARY STATEMENT
(Continued)

24. GREENHOUSE GAS MEMORANDUM ACCOUNT (GHGMA)

24A. PURPOSE

The purpose of the GHGMA is to track the Company's administrative and outreach costs incurred to comply with the California Air Resources Board's (ARB) natural gas supplier Cap-and-Trade Program. The Company is authorized to establish the GHGMA pursuant to Decisions 14-12-040 and 15-10-032.

24B. APPLICABILITY

Costs recorded in the GHGMA will apply to all customer classes excluding end-use customers who emit 25,000 metric tons of CO₂e or more per year and are directly regulated by the ARB and any other customers who elect to opt-in to direct regulation under ARB's rules.

24C. ACCOUNTING

The Company shall make the following entries to the GHGMA:

1. Debit entries equal to the Company's associated administrative and outreach costs that are directly associated with its Cap-and-Trade Program; and
2. An entry to record interest on the balance calculated as set forth in Section 12B of this Preliminary Statement.

24D. DISPOSITION

Costs recorded in the account may be recovered in rates only after request by the Company and approval by the Commission.

L/T
T
T
T
T
L

PRELIMINARY STATEMENT
(Continued)

25. BIOMETHANE INJECTION INCENTIVE PROGRAM BALANCING ACCOUNT (BIIPBA)

25A. PURPOSE

The BIIPBA is a two-way balancing account for the purpose of tracking and recording the Company's payments for eligible interconnection costs made to biomethane gas suppliers as set forth in Rule No. 22 of this California Gas Tariff. The payments are made in accordance with the Commission's monetary incentive program established in Decision (D) 15-06-029. The Company is authorized to establish the BIIPBA pursuant to D.15-06-029.

25B. APPLICABILITY

The BIIPBA provision applies to all rate schedules, excluding customers served under a Special Contract or any other exclusion provided for by the Commission.

25C. FORECASTED PERIOD VOLUMES

The volumes of gas, expressed in therms, to be utilized hereunder shall be the volumes estimated to be delivered during the 12 calendar-month period during which the BIIPBA adjustment rate is to be effective.

25D. BIIPBA ADJUSTMENT RATE

The Company shall file a Tier 2 Advice Letter, as necessary, to update the BIIPBA adjustment rate, with a requested effective date of January 1 of the following year. The BIIPBA adjustment rate shall be determined by dividing the balance in the account at the end of the latest available month at the time of filing by the Forecasted Period Volumes. The BIIPBA adjustment rate shall be set forth in the currently-effective Statement of Rates of this California Gas Tariff.

PRELIMINARY STATEMENT
(Continued)

25. BIOMETHANE INJECTION INCENTIVE PROGRAM BALANCING ACCOUNT
(BIIPBA) (Continued)

25E. ACCOUNTING

The Company will make the following entries to the BIIPBA subaccount at the end of each month.

- a. A debit entry equal to the incentive payments paid to the biomethane gas suppliers;
- b. A credit entry equal to the BIIPBA adjustment rate, excluding franchise taxes and uncollectible accounts expense, multiplied by the applicable volumes delivered during the month;
- c. An entry to record interest on the balance calculated as set forth in Section 12B of this Preliminary Statement.

L/T
T
L

SOUTHWEST GAS CORPORATION
P.O. Box 98510
Las Vegas, Nevada 89193-8510
California Gas Tariff

Canceling 3rd Revised
2nd Revised

Cal. P.U.C. Sheet No. 45.6
Cal. P.U.C. Sheet No. 45.6

HELD FOR FUTURE USE

Advice Letter No. 1033
Decision No. _____

Issued by
Justin Lee Brown
Vice President

Date Filed February 15, 2017
Effective _____
Resolution No. _____

D

D