PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE SAN FRANCISCO, CA 94102-3298



August 29, 2017

Advice Letter 1044-G

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

SUBJECT: Establishment of Officer Compensation Memorandum Account

Dear Mr. Brown:

Advice Letter 1044-G is effective as of August 27, 2017.

Sincerely,

Edward Randolph

Director, Energy Division

Edward Ramloph

July 28, 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. 1044

Enclosed herewith is an original and one (1) copy of Southwest Gas Corporation's Advice Letter No. 1044, together with California Gas Tariff Sheet No. 45.11.

Sincerely,

Valerie J. Ontveroz

Regulatory Manager/California

VJO:cmb Enclosures Advice Letter No. 1044

July 28, 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:

	California Gas Tariff	Canceling
Cal. P.U.C.		Cal. P.U.C.
Sheet No.	Title of Sheet	Sheet No.

Original Sheet

Preliminary Statement – (continued)

No. 45.11

<u>Purpose</u>

The purpose of this filing is to modify the Preliminary Statement of Southwest Gas' California Gas Tariff to establish the Officer Compensation Memorandum Account (OCMA) pursuant to Ordering Paragraph (OP) 5, in Decision (D.) 17-06-006.

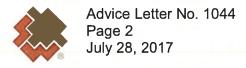
Background

On June 15, 2017, the Commission approved D.17-06-006, which grants Southwest Gas' petition to modify D.14-06-028, the Company's Test Year 2014 General Rate Case (GRC) decision, and allow Southwest Gas to file its next GRC on September 1, 2019, with a 2021 Test Year. Additionally, D.17-06-006 directs Southwest Gas to establish the OCMA.

OP 5 states:

Within 45 days of the effective date of this decision, Southwest Gas Company (Southwest Gas) shall file a Tier 2 advice letter to establish an Executive Compensation Memorandum Account, and comply with the below directives:

- (a) In the Executive Compensation Memorandum Account, Southwest Gas shall track (i) the date and (ii) amount (or cash value) of all monies and other compensations, including but not limited to, annual salaries, bonuses, benefits, and all other consideration of any value, paid or owed to its officers;
- (b) Southwest Gas shall follow all requirements of Public Utilities Code Section 706 if it seeks to have ratepayers pay for the "excess compensation" that may have been paid to or owed to an officer in connection with a "triggering event"; and
- (c) Southwest Gas shall actively maintain and keep open the Executive Compensation Memorandum Account and its balances to be reviewed in every subsequent general rate case proceeding until a Commission decision closes the account.



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

Effective Date

In accordance with OP 5 in D.17-06-006, this Advice Letter is classified as Tier 2 (Effective After Energy Division Approval) and subject to Energy Division disposition pursuant to General Order (GO) 96-B. Therefore, Southwest Gas respectfully requests this Advice Letter be made effective August 27, 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:

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

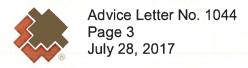
Facsimile: 702-364-3452

Notice

Southwest Gas believes it is exempt from the notice requirements set forth in GO 96-B, General Rule 4.2, since the tariff revisions proposed herein are being filed in compliance with D.17-06-006, and do not request higher rates or charges, or more restrictive terms or conditions, than what is currently in effect.

Service

In accordance with GO 96-B, General Rule 7.2, Southwest Gas is serving this Advice Letter and related tariff sheet 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

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. 1044

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 ROrtiz@SempraUtilities.com

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

Belinda Gatti Energy Division California Public Utilities Commission belinda.gatti@cpuc.ca.gov

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:	Contact Person: Valerie J. Ontiveroz						
□ ELC ■ GAS	Phone #: (702) 876-	-7323					
□ PLC □ HEAT □ WATER	E-mail: valerie.onti	veroz@swgas.com					
EXPLANATION OF UTILITY TYPE (Date Filed/ Received Stamp by CPUC)							
ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat	WATER = Water						
Advice Letter (AL) #: 1044							
· · · · · · · · · · · · · · · · · · ·							
Subject of AL: Establishment of Office	er Compensation Me	emorandum Account.					
Voyavordo (abagas from CDLIC listina), Blamenandum Assaurt							
Keywords (choose from CPUC listing): <u>Memorandum Account</u> AL filing type: □ Monthly □ Quarterly □ Annual □ One-Time ■ Other							
		elevant Decision/Resolution #: D.17-06-006					
Does AL replace a withdrawn or rejecte	-						
Summarize differences between the AL	•	•					
Resolution Required? ☐ Yes ■ No	and the phot withdra	wil of rejected AL . Not applicable					
•	017	No of tariff choots: 1					
Requested effective date: <u>August 27, 2017</u> No. of tariff sheets: <u>1</u> Estimated system annual revenue effect: (%): <u>Not applicable</u>							
	-	<u>le</u>					
Estimated system average rate effect (%): <u>Not applicable</u> 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 proposed ¹ : 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:							
		Mr. Justin Lee Brown, Vice-President/Regulation & Public Affairs					
		Southwest Gas Corporation					
San Francisco, CA 94102		P. O. Box 98510					
E-mail: edtariffunit@cpuc.ca.gov		Las Vegas, NV 89193-8510 E-mail: justin.brown@swgas.com					
		Engaimile: 702 264 2452					

¹ Discuss in AL if more space is needed.

nal Cal. P.U.C. Sheet No. 45.11

Cal. P.U.C. Sheet No.

Canceling

PRELIMINARY STATEMENT (Continued)

30. OFFICER COMPENSATION MEMORANDUM ACCOUNT (OCMA)

30A. PURPOSE

The purpose of the OCMA is to track California allocable compensation paid or owed to the Company's officers in the event of a triggering event¹. The OCMA is established in accordance with Decision 17-06-006.

30B. TRACKING PROCEDURES

In the event of a triggering event, the Company shall maintain the OCMA by tracking the date and amount of allocable salaries, bonuses, benefits, and all other consideration of any value paid or owed to the Company's officers, as defined below:

Salaries: Payroll data for Officer base salaries.

Bonuses: Variable Pay/Incentive Compensation Plan.

Benefits: Employer portion of health and welfare premiums.

Other Consideration: Officer perquisites in payroll data and/or invoices, deferred compensation Company match.

30C. DISPOSITION

The OCMA balance will be reviewed in the Company's GRC proceeding to determine if any excess compensation² paid and awarded to an officer following a triggering event should be refunded or allowed to be recovered in rates. The OCMA shall remain open and any balance tracked in the account shall be reviewed in every GRC proceeding until a Commission decision closes the account.

² "Excess compensation' means any annual salary, bonus, benefits, or other consideration of any value, paid to an officer of an electrical corporation or gas corporation that is in excess of one million dollars (\$1,000,000)." Cal. P. U. Code § 706(a)(1).

Date Filed _____ July 28, 2017 Issued by Advice Letter No. _____1044 Justin Lee Brown Effective Decision No. Vice President Resolution No.

¹ "A 'triggering event' occurs if, after January 1, 2013, an electrical corporation or gas corporation violates a federal or state safety regulation with respect to the plant and facility of the utility and, as a proximate cause of that violation, ratepayers incur a financial responsibility in excess of five million dollars (\$5,000,000)." Cal. P. U. Code § 706(a)(2).