

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



April 19, 2019

**Advice Letter 1098-G**

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

**SUBJECT: Revise the Public Purpose Program Surcharge for Rates Effective May 1, 2019**

Dear Mr. Brown:

Advice Letter 1098-G is effective as of May 1, 2019.

Sincerely,

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

Edward Randolph  
Deputy Executive Director for Energy and Climate Policy/  
Director, Energy Division



# **SOUTHWEST GAS CORPORATION**

March 20, 2019

**Advice 1098-G**  
(U 905 G)

Public Utilities Commission of the State of California

**Subject: Revise the Public Purpose Program Surcharge for Rates Effective May 1, 2019**

Southwest Gas Corporation (Southwest Gas or Company) hereby submits for approval to the California Public Utilities Commission (Commission) revisions to its California Gas Tariff. The affected tariff sheets are listed on the enclosed Attachment A.

**Purpose**

The purpose of this submission is to: 1) revise the Conservation and Energy Efficiency (CEE) rate component of the Public Purpose Program (PPP) Surcharge and 2) revise Preliminary Statement 16 – PPP Balancing Accounts.

**Background**

In June 2018, the Commission's Utility Audit, Finance and Compliance Branch initiated its compliance examination of the 2017 balancing accounts of Southwest Gas. Over the course of the examination, Southwest Gas recognized that the CEE component of the PPP surcharge rate was calculated without first removing the California Department of Tax and Fee Administration (CDTFA)<sup>1</sup> activity. This error was discovered after Southwest Gas revised the CEE rate component included in Advice Letter No. 1082, the Company's annual revision to its PPP surcharges in compliance with Decision 04-08-010.<sup>2</sup> Additionally, as a result of the examination, Southwest Gas discovered an inconsistency between the Company's accounting process related to the payments collected and remitted to the CDTFA and recouped from the Commission's Natural Gas Consumption Surcharge Fund versus the process described in the "Accounting Procedure" sections of the Energy Savings Assistance Balancing Account (ESABA), the California Alternate Rates for Energy Balancing Account (CAREBA) and the Conservation and Energy Efficiency (CEEBA) in Preliminary Statement 16 – PPP Balancing Accounts of the tariff.

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<sup>1</sup> Formerly the State Board of Equalization.

<sup>2</sup> Advice Letter No. 1082 was approved by the Energy Division on December 4, 2018, effective January 1, 2019.



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## **Revisions to the PPP Surcharges and Preliminary Statement 16 – PPP Balancing Accounts**

Southwest Gas requests authorization to revise its PPP surcharges applicable to its Southern California, Northern California and South Lake Tahoe ratemaking jurisdictions to update the CEE rate component of the PPP Surcharge. The calculation of the revised PPP surcharges, including the CEE rate component, is illustrated in Appendix A to this Advice Letter.

Also, for additional clarity on Southwest Gas' accounting process in relation to collections received through the PPP surcharges, remittances to the CDTFA and reimbursements received from the Commission through the Natural Gas Surcharge Consumption Fund, the Company has revised parts 3.c in each of the "Accounting Procedure" Sections of the ESABA, CAREBA and CEEBA contained in Preliminary Statement 16 to include the following language:

On a monthly basis, a debit entry equal to the amount of collections calculated to be remitted to the CDTFA on a quarterly basis for the <program name> portion of the PPP Surcharge (reimbursement from the Commission for the CDTFA remittance, less administrative and Research & Development costs, generally occurs within the subsequent quarter). Any differences between amounts collected, remitted or reimbursed are to be used when calculating the <program name> component of the PPP surcharge.

Other conforming changes have been made within Preliminary Statement 16 and GCP-Surcharge to Fund PPP Programs to update the name change for the State Board of Equalization to CDTFA.

### **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 Disposition) pursuant to General Order (GO) 96-B. Southwest Gas respectfully requests the revised tariff sheets be approved April 19, 2019, which is 30 days from the date submitted, with an effective date of May 1, 2019.

### **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 submission 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:



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ATTN: Tariff Unit  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, CA 94102  
Email: [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, emailed or faxed to:

Mr. Justin Lee Brown  
Senior Vice President/General Counsel  
Southwest Gas Corporation  
P.O. Box 98510  
Las Vegas, NV 89193-8510  
Email: [justin.brown@swgas.com](mailto:justin.brown@swgas.com)  
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.

### **Service**

In accordance with GO 96-B, General Rule 7.2, Southwest Gas is mailing copies of this Advice Letter and related tariff sheets to the utilities and interested parties shown on the attached distribution list.

Communications regarding this submission 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  
Email: [valerie.ontiveroz@swgas.com](mailto:valerie.ontiveroz@swgas.com)



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Respectfully submitted,

SOUTHWEST GAS CORPORATION

By: Valerie J. Ontiveroz  
Valerie J. Ontiveroz

Attachments

**Distribution List**

Advice Letter No. 1098

In conformance with GO 96-B, General Rule 4.3

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

Elizabeth Echols, Director  
Public Advocates Office  
[elizabeth.echols@cpuc.ca.gov](mailto:elizabeth.echols@cpuc.ca.gov)

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

Southern California Gas Company  
[ROrtiz@SempraUtilities.com](mailto:ROrtiz@SempraUtilities.com)

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

Belinda Gatti  
Energy Division  
California Public Utilities Commission  
[belinda.gatti@cpuc.ca.gov](mailto:belinda.gatti@cpuc.ca.gov)

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

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

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

ATTACHMENT A  
Advice No. 1098

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
3rd Revised Sheet No. 26	Preliminary Statement – Public Purpose Program (PPP) Balancing Account	2nd Revised Sheet No. 26
3rd Revised Sheet No. 28	Preliminary Statement – Public Purpose Program (PPP) Balancing Account	2nd Revised Sheet No. 28
Original Sheet No. 28.1	Preliminary Statement – Public Purpose Program (PPP) Balancing Account	
2nd Revised Sheet No. 29	Preliminary Statement – Public Purpose Program (PPP) Balancing Account	1st Revised Sheet No. 29
2nd Revised Sheet No. 30	Preliminary Statement – Public Purpose Program (PPP) Balancing Account	1st Revised Sheet No. 30
2nd Revised Sheet No. 31	Preliminary Statement – Public Purpose Program (PPP) Balancing Account	1st Revised Sheet No. 31
1st Revised Sheet No. 31.1	Preliminary Statement – Public Purpose Program (PPP) Balancing Account	Original Sheet No. 31.1
1st Revised Sheet No. 31.2	Preliminary Statement – Public Purpose Program (PPP) Balancing Account	Original Sheet No. 31.2
12th Revised Sheet No. 121	Schedule No. G-PPPS – Surcharge to Fund Public Purpose Programs (PPP)	11th Revised Sheet No. 121
1st Revised Sheet No. 122	Schedule No. G-PPPS - Surcharge to Fund Public Purpose Programs (PPP)	Original Sheet No. 122

PRELIMINARY STATEMENT  
(Continued)

16. PUBLIC PURPOSE PROGRAM (PPP) BALANCING ACCOUNTS

16A. PURPOSE

The purpose of the PPP Balancing Accounts is to balance the actual cost incurred by the Company in providing public purpose programs such as low-income assistance, energy efficiency, and public interest research and development with PPP Surcharge revenue collected to recover public purpose program costs.

1. PPP SURCHARGE REFUNDS

Per Decision 04-08-010, to prevent the issuance of duplicate refunds of PPP Surcharge collection, the Company shall inform the California Department of Tax and Fee Administration (CDTFA) of any PPP surcharge refunds it intends to issue. The refunds will not be issued if previously made by the CDTFA. The utilities shall inform the CDTFA of any refunds that they issue. The Company will annually review its customer accounts to determine if any refunds are warranted.

2. CA DEPARTMENT OF TAX AND FEE ADMINISTRATION REMITTANCES

Per Public Utilities Code Sections 892 and 892.1, the Company remits revenues collected from the PPP Surcharge to the CDTFA on a quarterly basis.

3. DISTRIBUTION AND TREATMENT OF AMOUNTS RECEIVED FROM THE GAS CONSUMPTION SURCHARGE FUND

Per Decision 04-08-010, all funds remitted to the CDTFA are to be returned to the Company in a timely manner, except for Research and Development (R&D) funds (excluding R&D funds to reimburse the utility for R&D activities conducted in 2004), the CDTFA and Commission administration costs, and deductions for any refunds issued by the CDTFA. Non-exempt interstate pipeline customer remittances to CDTFA are to be returned to the public utility in whose service territory the customer resides. All amounts received from the Gas Surcharge Consumption Fund are to be recorded to the appropriate PPP balancing accounts.

4. TREATMENT OF FRANCHISE AND UNCOLLECTIBLES (F&U)

Per Decision 04-08-010, F&U shall not be included in the calculation of the PPP Surcharge and the Company shall exclude PPP Surcharge amounts in determining franchise payments.



PRELIMINARY STATEMENT

*(Continued)*

16. PUBLIC PURPOSE PROGRAM (PPP) BALANCING ACCOUNTS *(Continued)*

16D. ENERGY SAVINGS ASSISTANCE BALANCING ACCOUNT (ESABA) *(Cont.)*

2. ESABA ADJUSTMENT

If amounts collected in the ESABA are less than the authorized program costs expended, the balance in the ESABA will be amortized into rates by dividing the balance in the account at the end of the most recent available month by the three-year average (consecutive 36-month period) based on the most recently available billed gas volumes. The ESABA will be amortized into rates in accordance with Section No. 17C of this Preliminary Statement. The current ESABA Adjustment rate is a component of the PPP Surcharge set forth in the currently effective Statement of Rates and Schedule No. G-PPPS of this California Gas Tariff.

3. ACCOUNTING PROCEDURE

Separate accounts will be maintained for the Company's California service areas. The Company shall make the following entries to the ESABA:

- a. On a monthly basis, a debit entry equal to the Company's actual Commission-authorized ESA program costs, including outreach, administrative, and program audit costs;
- b. On a monthly basis, a credit entry equal to the revenue collected through the ESA component, including the ESABA Adjustment, of the Company's PPP Surcharge;
- c. On a monthly basis, a debit entry equal to the amount of collections calculated to be remitted to the CDTFA on a quarterly basis for the ESA portion of the PPP Surcharge (reimbursement from the Commission for the CDTFA remittance, less administrative and Research & Development costs, generally occurs within the subsequent quarter). Any differences between amounts collected, remitted or reimbursed are to be used when calculating the ESA component of the PPP surcharge; and

PRELIMINARY STATEMENT

*(Continued)*

16. PUBLIC PURPOSE PROGRAM (PPP) BALANCING ACCOUNTS *(Continued)*

16D. ENERGY SAVINGS ASSISTANCE BALANCING ACCOUNT (ESABA) *(Cont.)*

3. ACCOUNTING PROCEDURE *(continued)*

- d. For amounts held on account by the Company, a monthly entry to record interest on the account calculated as set forth in Section No. 12B of this Preliminary Statement. While ESA surcharge collections are in the possession of the State, the applicable interest is the actual amount of interest that accrued while the remittances were on deposit in the Gas Consumption Surcharge Fund.

PRELIMINARY STATEMENT

*(Continued)*

16. PUBLIC PURPOSE PROGRAM (PPP) BALANCING ACCOUNTS *(Continued)*

16E. CALIFORNIA ALTERNATE RATES FOR ENERGY BALANCING ACCOUNT (CAREBA)

1. PURPOSE

The purpose of the CAREBA is to balance the Company's CARE program costs, including rate discounts, outreach, administrative, and program audit costs, with the PPP Surcharge revenue that recovers these costs. The CAREBA is a two-way balancing account.

2. CAREBA ADJUSTMENT

The balance in the CAREBA will be amortized into rates by dividing the balance in the account at the end of the most recent available month by the three-year average (consecutive 36-month period) based upon the most recently available billed gas volumes. The CAREBA will be amortized into rates in accordance with Section No. 17C of this Preliminary Statement. The current CAREBA Adjustment rate is a component of the non-CARE PPP Surcharge set forth in the currently-effective Statement of Rates and Schedule No. G-PPPS of this California Gas Tariff.

3. ACCOUNTING PROCEDURE

Separate accounts will be maintained for the Company's California service areas. The Company shall make the following entries to the CAREBA:

- a. On a monthly basis, a debit entry equal to actual amount of CARE program costs, including rate discounts, outreach, administrative, and program audit costs;
- b. On a monthly basis, a credit entry equal to the revenue collected through the CARE component, including the CAREBA Adjustment, of the Company's PPP Surcharge;
- c. On a monthly basis, a debit entry equal to the amount of collections calculated to be remitted to the CDTFA on a quarterly basis for the CARE portion of the PPP Surcharge (reimbursement from the Commission for the CDTFA remittance, less administrative and Research & Development costs, generally occurs within the subsequent quarter). Any differences between amounts collected, remitted or reimbursed are to be used when calculating the CARE component of the PPP surcharge; and

PRELIMINARY STATEMENT

*(Continued)*

16. PUBLIC PURPOSE PROGRAM (PPP) BALANCING ACCOUNTS *(Continued)*

16E. CALIFORNIA ALTERNATE RATES FOR ENERGY BALANCING ACCOUNT  
(CAREBA) *(Continued)*

3. ACCOUNTING PROCEDURE *(Continued)*

- d. For amounts held on account by the Company, a monthly entry to record interest on the account calculated as set forth in Section No. 12B of this Preliminary Statement. While CARE surcharge collections are in the possession of the State, the applicable interest is the actual amount of interest that accrued while the remittances were on deposit in the Fund.

16F. PUBLIC INTEREST RESEARCH AND DEVELOPMENT BALANCING ACCOUNT  
(R&DBA)

1. PURPOSE

The purpose of the R&DBA is to balance the Company's allocated share of the State's annual R&D budgeted costs, including any Commission and CDTFA administrative costs, with the PPP Surcharge revenue that recovers these costs. The R&DBA is a two-way balancing account. The payments of the R&D portion of the PPP Surcharge collected by the Company and remitted to the CDTFA will be distributed to the R&D project administrator to cover R&D project costs.

2. R&DBA ADJUSTMENT

The balance in the R&DBA will be amortized into rates by dividing the balance in the account at the end of the most recent available month by the three-year average (consecutive 36-month period) based upon the most recently available billed gas volumes. The R&DBA will be amortized into rates in accordance with Section No. 17C of this Preliminary Statement. The current R&DBA Adjustment rate is a component of the PPP Surcharge set forth in the currently-effective Statement of Rates and Schedule No. G-PPPS of this California Gas Tariff.

PRELIMINARY STATEMENT

*(Continued)*

16. PUBLIC PURPOSE PROGRAM (PPP) BALANCING ACCOUNTS *(Continued)*

16F. PUBLIC INTEREST RESEARCH AND DEVELOPMENT BALANCING ACCOUNT  
(R&DBA) *(Continued)*

3. ACCOUNTING PROCEDURE

Separate accounts will be maintained for the Company's California service areas. The Company shall make the following entries to the R&DBA:

- a. On a monthly basis, a debit entry equal to the share of the State's annual R&D budgeted costs, including any CPUC and CDTFA administrative costs allocated to the Company, if any;
- b. On a monthly basis, a credit entry equal to the revenue collected through the R&D component, including the R&DBA Adjustment, of the Company's PPP Surcharge. Such amounts collected will be remitted to the CDTFA on a quarterly basis;
- c. For amounts held on account by the Company during the period when revenue is collected from the PPP Surcharge until those amounts are submitted to the CDTFA, a monthly entry to record interest on the account calculated as set forth in Section No. 12B of this Preliminary Statement;
- d. The disposition of the interest held by the Company will be determined by the CPUC.

PRELIMINARY STATEMENT

*(Continued)*

16. PUBLIC PURPOSE PROGRAM (PPP) BALANCING ACCOUNTS *(Continued)*

16G. CONSERVATION AND ENERGY EFFICIENCY BALANCING ACCOUNT (CEEBA)

1. PURPOSE

The purpose of the CEEBA is to balance the difference between the Company's Commission-authorized CEE program costs, including outreach, administrative, and program audit costs, with the PPP Surcharge revenue collected to recover these costs. The CEEBA is a one-way balancing account.

2. CEEBA ADJUSTMENT

The balance in the CEEBA will be amortized into rates by dividing the balance in the account at the end of the most recent available month by the three-year average (consecutive 36-month period) based on the most recently available billed gas volumes. The CEEBA will be amortized into rates in accordance with Section No. 16C of this Preliminary Statement. The current CEEBA Adjustment rate is a component of the PPP Surcharge set forth in the currently effective Statement of Rates and Schedule No. G-PPPS of this California Gas Tariff.

3. ACCOUNTING PROCEDURE

Separate accounts will be maintained for the Company's California service areas. The Company shall make the following entries to the CEEBA:

- a. On a monthly basis, a debit entry equal to the Company's actual CEE program costs, including outreach, administrative, and program audit costs;
- b. On a monthly basis, a credit entry equal to the revenue collected through the CEE component, including the CEEBA Adjustment, of the Company's PPP Surcharge;

PRELIMINARY STATEMENT

*(Continued)*

16. PUBLIC PURPOSE PROGRAM (PPP) BALANCING ACCOUNTS *(Continued)*

16G. CONSERVATION AND ENERGY EFFICIENCY BALANCING ACCOUNT (CEEBA)  
*(Cont.)*

3. ACCOUNTING PROCEDURE *(Cont.)*

- c. On a monthly basis, a debit entry equal to the amount of collections calculated to be remitted to the CDTFA on a quarterly basis for the CEE portion of the PPP Surcharge (reimbursement from the Commission for the CDTFA remittance, less administrative and Research & Development costs, generally occurs within the subsequent quarter). Any differences between amounts collected, remitted or reimbursed are to be used when calculating the CEE component of the PPP surcharge; and
- d. A year-end credit entry, if necessary, equal to the excess annual expenditures above annual authorized levels; and,
- e. For amounts held on account by the Company, a monthly entry to record interest on the account calculated as set forth in Section No. 12B of this Preliminary Statement. While CEE surcharge collections are in the possession of the State, the applicable interest is the actual amount of interest that accrued while the remittances were on deposit in the Gas Consumption Surcharge Fund.

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Schedule No. G-PPPS

SURCHARGE TO FUND PUBLIC PURPOSE PROGRAMS (PPP)

APPLICABILITY

Applicable to all gas sales and transportation service excluding service for: electric generation including cogeneration, enhanced oil recovery, wholesale for resale to end users, natural gas produced in California and transported on a proprietary pipeline, and the consumption of natural gas which California is prohibited for taxing under the United States Constitution or the California Constitution.

TERRITORY

Throughout the Company's certificated California service areas, except as may hereafter be provided.

RATES

Customer Class	PPP SURCHARGE AMOUNT PER THERM			
	Non-CARE Customers		CARE Customers	
	Southern CA	Northern CA/ South Lake Tahoe	Southern CA	Northern CA/ South Lake Tahoe
Core *				
Residential	\$ 0.11166	\$ 0.06290	\$ 0.05199	\$ 0.05199
Commercial/Industrial	\$ 0.11166	\$ 0.06290	\$ 0.05199	\$ 0.05199
Gas Engine	\$ 0.11166	\$ 0.06290	N/A	N/A
Natural Gas Vehicle	\$ 0.11166	\$ 0.06290	N/A	N/A
Non-Core **				
Commercial/Industrial	\$ 0.11166	\$ 0.06290	N/A	N/A

\* Residential service includes Rate Schedule Nos. GS/GN/SLT-10, -12, -15, -20, and -25; and GS-11. Commercial/Industrial service includes Rate Schedule Nos. GS/GN/SLT-35, -40, and -60. Natural Gas Vehicle service includes Rate Schedule No. GS-50/GN-50/SLT-50.

\*\* Commercial/Industrial service includes Rate Schedule No. GS-70/GN-70/SLT-70.

The PPP surcharges are set forth in the currently-effective Statement of Rates of this California Gas Tariff and are incorporated herein by reference.

The number of therms shall be determined in accordance with the provisions of Rule No. 2C of this California Gas Tariff.



Schedule No. G-PPPS

SURCHARGE TO FUND PUBLIC PURPOSE PROGRAMS (PPP)  
(Continued)

SPECIAL CONDITIONS

1. The PPP surcharge is shown as a separate line item on a customer's bill. The purpose of the PPP surcharge is to recover the cost of public purpose programs such as low-income assistance, energy efficiency, and public interest research and development. The Company remits PPP revenue to the CDTFA. These remittances are to be made quarterly by the last day of the month following a calendar quarter.
2. Commission Decision 04-08-010 requires the Company to file an Advice Letter with its proposed PPP surcharges by October 31 of each year, with a requested effective date of January 1 of the following year. The Company may file at other times if failure to make the rate change would result in a forecasted total rate increase of 10 percent or more on January 1 of the following year, as provided for in Decision 04-08-010. The PPP surcharge shall be calculated in accordance to formulas and throughput volumes specified in Decision 04-08-010.

**SOUTHWEST GAS CORPORATION  
 CALIFORNIA JURISDICTIONS  
 PUBLIC PURPOSE PROGRAM (PPP) SURCHARGES  
 TO BE EFFECTIVE MAY 1, 2019**

Line No.	Description (a)	Southern California (b)	Northern California and South Lake Tahoe (c)	All California Jurisdictions (d)	Line No.
<u>Non-CARE PPP Surcharges</u>					
1	CARE Component	\$ 0.10756	\$ 0.01283		1
2	CARE Balancing Account Component	\$(0.04802)	\$ (0.00205)		2
3	BOE PPP Administrative Surcharge	\$ 0.00013	\$ 0.00013		3
4	CPUC PPP Administrative Charges	<u>\$ 0.00000</u>	<u>\$ 0.00000</u>		4
5	Total Non-CARE PPP Surcharges	<u>\$ 0.05967</u>	<u>\$ 0.01091</u>		5
<u>CARE PPP Surcharges</u>					
6	ESA Component			\$ 0.04798	6
7	R & D Component			\$ 0.00379	7
8	CEE Component [1]			<u>\$ 0.00022</u>	8
9	Total CARE PPP Surcharges			<u>\$ 0.05199</u>	9
<u>Total PPP Surcharges</u>					
10	CARE Customer Rate per Therm [2]	<u>\$ 0.05199</u>	<u>\$ 0.05199</u>		10
11	Non-CARE Customer Rate per Therm [3]	<u>\$ 0.11166</u>	<u>\$ 0.06290</u>		11

[1] CEE Approved in D.14-06-028.

[2] Sum of CARE PPP Surcharges

[3] Sum of CARE plus Non-CARE PPP Components.

**SOUTHWEST GAS CORPORATION  
 CALIFORNIA JURISDICTIONS  
 CALCULATION OF PUBLIC PURPOSE PROGRAM (PPP) SURCHARGES  
 CALIFORNIA ALTERNATIVE RATE FOR ENERGY (CARE), ENERGY SAVINGS ASSISTANCE (ESA), CONSERVATION  
 AND ENERGY EFFICIENCY (CEE), AND RESEARCH AND DEVELOPMENT (R&D)  
 TO BE EFFECTIVE MAY 1, 2019**

Line No.	Description	Southern California (b)	Northern California and South Lake Tahoe (c)	All California Jurisdictions (d)	Line No.
<u>CARE PPP Components</u>					
1	CARE Program Revenue Requirement [1]	\$ 6,859,772	\$ 595,821	\$ 7,455,593	1
2	CARE Program Balancing Account [2]	\$ (3,062,852)	\$ (95,001)	\$ (3,157,853)	2
3	2018 Adjusted CARE budget	\$ 3,796,920	\$ 500,820	\$ 4,297,741	3
4	CARE Applicable Volume (Therms) [3]	63,776,405	46,430,339	110,206,744	4
5	CARE Balancing Account Rate Per Therm (Ln.2/Ln.4)	\$ (0.04802)	\$ (0.00205)		5
6	CARE Program Rate per Therm (Ln.1/Ln.4)	\$ 0.10756	\$ 0.01283		6
7	BOE Administrative Revenue Requirement [4]			\$ 14,738	7
8	BOE Rate per Therm [3] (Ln.7/Ln.4)			\$ 0.00013	8
9	CPUC Administrative Revenue Requirement [4]			\$ 0.00000	9
10	CPUC Administrative Rate per Therm (Ln.9/Ln.4)			\$ 0.00000	10
11	CARE PPP Rate per Therm (Lns.5+6+8+10)	\$ 0.05967	\$ 0.01091		11
<u>ESA PPP Components</u>					
12	ESA Revenue Requirement [1]			\$ 6,324,695	12
13	ESA Carry-over budget from 2017/2018			\$ 1,219,555	13
14	2016 ESA Budget including carry-over from 2017/2018			\$ 7,544,250	14
15	ESA Balancing Account [2]			\$ (1,114,104)	15
16	2018 Adjusted ESA budget			\$ 6,430,146	16
17	ESA Applicable Volume (Therms) [5]			134,018,864	17
18	ESA PPP Component Rate per Therm (Ln.16/Ln.17)			\$ 0.04798	18
<u>CEE PPP Component</u>					
19	CEE Revenue Requirement [6]			\$ 1,000,000	19
20	CEE Balancing Account [2]			\$ (970,135)	20
21	2018 Adjusted CEE budget			\$ 29,865	21
22	CEE PPP Component Rate per Therm (Ln.21/Ln.17)			\$ 0.00022	22
<u>R&amp;D PPP Component</u>					
23	R & D Revenue Requirement			\$ 311,374	23
24	R & D Balancing Account [7]			\$ 196,860	24
25	2019 Adjusted R&D budget			\$ 508,234	25
26	R & D Rate per Therm (Ln.23/Ln.17)			\$ 0.00379	26

[1] Funding levels approved in D.18-08-020.

[2] General Ledger Ending Balance September 30, 2018, including BOE Activity Adjustment. Balancing Account adjustment approved in D.04-08-010.

[3] Three-year (36 consecutive months ended September 30, 2018) average volumes for Southern California and Northern California, including South Lake Tahoe ratemaking areas, excluding exempt volumes.

[4] Amounts provided by the Energy Division on August 31, 2018.

[5] Three-year (36 consecutive months ended September 30, 2018) average state-wide volumes, excluding exempt volumes.

[6] Funding approved in D.14-06-028.

[7] General Ledger Ending Balance September 30, 2018.



# ADVICE LETTER 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       WATER  
 PLC       HEAT

Contact Person: Valerie J. Ontiveroz

Phone #: 702 876-7323

E-mail: valerie.ontiveroz@swgas.com

E-mail Disposition Notice to: valerie.ontiveroz@swgas.com

### EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 1098

Tier Designation: Tier 2

Subject of AL: The purpose of this submission is to: 1) revise the Conservation and Energy Efficiency (CEE) rate component of the Public Purpose Program (PPP) Surcharge and 2) revise Preliminary Statement 16 – PPP Balancing Accounts.

Keywords (choose from CPUC listing): Form

AL Type:  Monthly  Quarterly  Annual  One-Time  Other:

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

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

Summarize differences between the AL and the prior withdrawn or rejected AL: Not Applicable

Confidential treatment requested?  Yes  No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required?  Yes  No

Requested effective date: 5/1/19

No. of tariff sheets: 10

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: Not applicable

Service affected and changes proposed<sup>1</sup>: See 'Subject of AL' above

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

<sup>1</sup>Discuss in AL if more space is needed.

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

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name: Mr. Justin Lee Brown  
Title: Senior Vice-President/General Counsel  
Utility Name: Southwest Gas Corporation  
Address: P. O. Box 98510  
City: Las Vegas State: Nevada  
Telephone (xxx) xxx-xxxx: 702-876-7183  
Facsimile (xxx) xxx-xxxx: 702-364-3452  
Email: [justin.brown@swgas.com](mailto:justin.brown@swgas.com)

Name:  
Title:  
Utility Name:  
Address:  
City: State: Nevada  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email: