

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 7, 2013

Advice Letter 907-G

Don Soderberg, Vice-President/Pricing
Southwest Gas Corporation
P O Box 98510
Las Vegas, NV 89193-8510

**Subject: TO UPDATE PRELIMINARY STATEMENT TO ADJUST THE TAX
FACTORS TO REFLECT A CHANGE IN THE ITCCA**

Dear Mr. Soderberg:

Advice Letter 907-G is effective January 1, 2013.

Sincerely,

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

Edward F. Randolph, Director
Energy Division



SOUTHWEST GAS CORPORATION

December 5, 2012

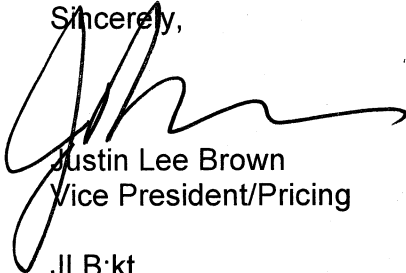
ATTN: Honesto Gatchalian
Tariff Unit, Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4005
San Francisco, CA 94102

Subject: Southwest Gas Corporation (U 905 G)
Advice Letter No. 907

Dear Mr. Gatchalian:

Enclosed herewith are five (5) copies of Southwest Gas Corporation's Advice Letter No. 907 together with California Gas Tariff P.U.C. Sheet No. 22.

Sincerely,



Justin Lee Brown
Vice President/Pricing

JLB:kt
Enclosures



SOUTHWEST GAS CORPORATION

Advice Letter No. 907

December 5, 2012

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Southwest Gas Corporation (Southwest Gas or Company) (U 905 G) hereby tenders for filing the following tariff sheets:

California Gas Tariff

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
2nd Revised Sheet No. 22	Preliminary Statement (Continued)	1st Revised Sheet No. 22

Purpose

The purpose of this filing is to adjust the tax factors reflected in the Preliminary Statements of Southwest Gas' California Gas Tariff to reflect a change to the Income Tax Component of Contributions and Advance (ITCCA) applicable to customer contribution and advances pursuant to Ordering Paragraph 7 of Decision (D.) 87-09-026 issued in Order Instituting Investigation 86-11-019.

D.87-09-026 directs utilities to submit to the California Public Utilities Commission (Commission) an advice letter filing to reflect any changes in the tax factor which would cause an increase or decrease of 5 percentage points or more. As such, Southwest Gas is revising its tax factor to reflect the expiration of the Federal Depreciation Provisions of the Internal Revenue Code, pursuant to the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 ("Act") signed by the President of the United States on December 17, 2010. The Federal Bonus Depreciation expires on December 31, 2012, and the Modified Accelerated Cost Recovery System (MACRS) federal depreciation method is effective January 1, 2013. As a result of this change, Southwest Gas' tax factor will increase from 22 percent to 35 percent. Attachment 1 illustrates the calculation of Southwest Gas' tax factor.

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's approval) pursuant to General Order 96-B. Southwest Gas respectfully requests the rate changes proposed herein be effective January 1, 2013.

Protest

Anyone wishing to protest this filing may do so by sending a letter within 20 days of the filing. The protest should set forth the grounds upon which it is based and should be submitted expeditiously. There is no restriction on who may file a protest.



Advice Letter No. 907
Page 2
December 5, 2012

Protests should be mailed to:

Investigation, Monitoring & Compliance Program Manager
California Public Utilities Commission, Energy Division
505 Van Ness Avenue, Room 4002
San Francisco, CA 94102
Facsimile: 415-703-2200

Copies should also be mailed to the attention of Director, Energy Division, Room 4004 at the same address as above, and mailed and faxed to:

Mr. John P. Hester, Senior Vice President
Regulatory Affairs and Energy Resources
Southwest Gas Corporation
P.O. Box 98510
Las Vegas, Nevada 89193-8510
Facsimile: 702-876-7037

Notice

Pursuant to Energy Industry Rule 3.1(1), Southwest is exempt from the notice requirements set forth in General Rule 4.2 in G.O. 96-B since the adjustments proposed herein are being filed pursuant to Southwest's approved California Tariff.

Service

In accordance with General Order 96-B, General Rule 4.3, Southwest Gas is mailing 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:

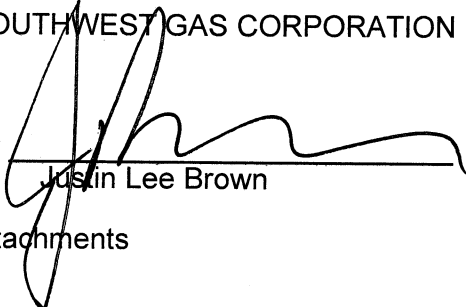
Ed Giesecking
Director/Pricing and Tariffs
Southwest Gas Corporation
P.O. Box 98510
Las Vegas, NV 89193-8510
Telephone: 702-364-3271
E-mail: ed.giesecking@swgas.com

Debra S. Gallo
Director/Government and State
Regulatory Affairs
Southwest Gas Corporation
P.O. Box 98510
Las Vegas, NV 89193-8510
Telephone: 702-876-7163
E-mail: debra.gallo@swgas.com

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By


Justin Lee Brown

Attachments

DISTRIBUTION LIST

Advice Letter No. 907

In Conformance with G.O. 96-B, General Rule 4.3

Southern California Edison Company

Pacific Gas & Electric Company

Sierra Pacific Power Company

San Diego Gas & Electric Company

Southern California Gas Company

Southern California Water Company

R. Thomas Beach

Duane Morris, LLP

Director/Division of Ratepayer Advocates

PRELIMINARY STATEMENT
(Continued)

13. INCOME TAX COMPONENT OF CONTRIBUTIONS AND ADVANCES (Continued)

13C. APPLICABILITY

Income tax shall be collected on Contributions and Advances under the Company's California Gas Tariff, including but not limited to Rule Nos. 13, 15 and 16.

A Public Benefit Exemption may apply on a Contribution or Advance made to the Company by a government agency on the basis of either:

1. The Contribution or Advance is made pursuant to actual condemnation or the threat thereof as recognized by Internal Revenue Code Section 1033; or
2. The Contribution or Advance does not reasonably relate to the provision of service, but rather to the benefit of the public at large.

13D. DETERMINATION

The Income Tax Component of Contributions and Advance shall be calculated by multiplying the balance of the Applicant's Contributions and Advances by the tax factor of 35 percent beginning January 1, 2013, and thereafter.

The Company will submit to the Commission an advice letter filing to reflect any changes in the tax factor which would cause an increase or decrease of 5 percentage points or more.

The tax factor is established by using Method 5 as set forth in Decision Nos. 87-09-026 and 87-12-028 in Order Instituting Investigation 86-11-019.

The tax factors in Section 13D shall apply to all Contributions and Advances in accordance with Section D.6 of Rule No. 15, Gas Main Extensions, and Section E.4. of Rule No. 16, Gas Service Extensions of this California Gas Tariff.

SOUTHWEST GAS CORPORATION
Attachment to Advice Letter 907
Effective Date: January 1, 2013
CALIFORNIA GROSS-UP COMPUTATION INCLUDING CALIFORNIA INCOME TAXES
*WITH MACRS DEPRECIATION ON 20 YEAR PROPERTY
CPUC DECISION 87-09-026

Year	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
	Tax Pmt/(Ben) Reflecting CIAC of \$1000	Tax Basis	California Depreciation Rates	California Rates	State Tax Benefit	MACRS 20-Year Tax Depr Rate	Federal Tax Rate	Federal Tax Benefit	Remaining CIAC Payable	Unrecovered Tax Payment	Rate of Return	Revenue Requirement on Remaining Investment	Discount Factor 12.00%	Discounted Revenue Requirement on Remaining Investment	
1	438.40	1,000	2.857%	8.840%	2,5256	3.750%	35.00%	13,1250	422,7494	430,5747	17.00%	73,1977	0.8929	65,3551	
2	(30.94)		5.551%		4,9071	7.219%		24,3925	362,5198	392,6346	17.00%	66,7479	0.7972	53,2110	
3			5.234%		4,6269	6.677%		21,6520	336,2409	349,3803	17.00%	59,3947	0.7118	42,2759	
4			4.935%		4,3625	6.177%		20,0001	311,8783	324,0596	17.00%	55,0901	0.6355	35,0108	
5			4.653%		4,1133	5.713%		18,4686	289,2964	300,5873	17.00%	51,0998	0.5674	28,9954	
6			4.387%		3,8781	5.285%		17,0579	268,3604	278,8284	17.00%	47,4008	0.5066	24,0147	
7			4.137%		3,6571	4.888%		15,7507	248,9527	258,6565	17.00%	43,9716	0.4523	19,8905	
8			3.901%		3,4485	4.522%		14,5470	230,9572	239,9549	17.00%	40,7923	0.4039	16,4753	
9			3.678%		3,2514	4.462%		14,4100	213,2958	222,1265	17.00%	37,7615	0.3606	13,6172	
10			3.468%		3,0657	4.461%		14,4755	195,7545	204,5252	17.00%	34,7693	0.3220	11,1948	
11			3.270%		2,8907	4.461%		14,5440	178,3199	187,0372	17.00%	31,7963	0.2875	9,1407	
12			3.084%		2,7263	4.461%		14,6018	160,9918	169,6559	17.00%	28,8415	0.2567	7,4029	
13			2.908%		2,5707	4.461%		14,6628	143,7584	152,3751	17.00%	25,9038	0.2292	5,9365	
14			2.742%		2,4239	4.461%		14,7138	126,6207	135,1895	17.00%	22,9822	0.2046	4,7026	
15			2.585%		2,2851	4.462%		14,7686	109,5669	118,0938	17.00%	20,0759	0.1827	3,6678	
16			2.438%		2,1552	4.461%		14,8137	92,5980	101,0825	17.00%	17,1840	0.1631	2,8031	
17			2.299%		2,0323	4.462%		14,8627	75,7030	84,1505	17.00%	14,3056	0.1456	2,0835	
18			2.168%		1,9165	4.461%		14,9022	58,8843	67,2937	17.00%	11,4399	0.1300	1,4876	
19			2.040%		1,8034	4.462%		14,9462	42,1347	50,5095	17.00%	8,5866	0.1161	0,9970	
20			2.040%		1,8034	4.461%		14,9823	25,3490	33,7419	17.00%	5,7361	0.1037	0,5946	
21			2.040%		1,8034	2.231%		7,1773	16,3684	20,8587	17.00%	3,5460	0.0926	0,3282	
22			2.040%		1,8034			(0.6312)	15,1962	15,7823	17.00%	2,6830	0.0826	0,2217	
23			2.040%		1,8034			(0.6312)	14,0240	14,6101	17.00%	2,4837	0.0738	0,1833	
24			2.040%		1,8034			(0.6312)	12,8518	13,4379	17.00%	2,2844	0.0659	0,1505	
25			2.040%		1,8034			(0.6312)	11,6796	12,2657	17.00%	2,0852	0.0588	0,1227	
26			2.040%		1,8034			(0.6312)	10,5074	11,0935	17.00%	1,8859	0.0525	0,0990	
27			2.040%		1,8034			(0.6312)	9,3353	9,9214	17.00%	1,6866	0.0469	0,0791	
28			2.040%		1,8034			(0.6312)	8,1631	8,7492	17.00%	1,4874	0.0419	0,0623	
29			2.040%		1,8034			(0.6312)	6,9909	7,5770	17.00%	1,2881	0.0374	0,0482	
30			2.040%		1,8034			(0.6312)	5,8187	6,4048	17.00%	1,0888	0.0334	0,0363	
31			2.040%		1,8034			(0.6312)	4,6465	5,2326	17.00%	0,8895	0.0298	0,0265	
32			2.040%		1,8034			(0.6312)	3,4743	4,0604	17.00%	0,6903	0.0266	0,0184	
33			2.040%		1,8034			(0.6312)	2,3022	2,8882	17.00%	0,4910	0.0238	0,0117	
34			2.040%		1,8034			(0.6312)	1,1300	1,7161	17.00%	0,2917	0.0212	0,0062	
35			2.040%		1,8034			(0.6312)	(0.0422)	0,5439	17.00%	(0.0025)	0.0189	0,0018	
36			1.025%		0,9061			(0.6312)	(0.3171)	(0.1797)	17.00%	(0.0305)	0.0169	(0.0005)	
			100.000%		88,4000			319,0600				719,9944		350,2254	
								407,4600				350,2254	/ 1000	35,02%	

*: Temporary federal 50% bonus depreciation expires on 12/31/2012 and MACRS federal depreciation method is effective for 2013 and thereafter pursuant to the 2010 Tax relief Act.