

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



October 27, 2011

**Advice Letter 871-A**

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

**Subject: Supplemental Filing – To Establish the Tax Act Memorandum  
Account (ECCMA)**

Dear Mr. Soderberg:

Advice Letter 871-A is effective April 14, 2011.

Sincerely,

A handwritten signature in cursive script, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division



## **SOUTHWEST GAS CORPORATION**

Donald L. Soderberg, Vice President/Pricing

October 13, 2011

ATTN: Julie A. Fitch, Director  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4004  
San Francisco, CA 94102

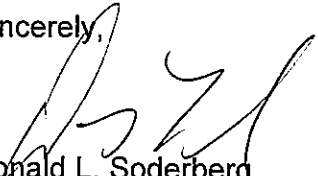
Subject: Southwest Gas Corporation (U 905 G)  
Advice Letter No. 871-A

Dear Ms. Fitch:

Enclosed herewith are five (5) copies of Southwest Gas Corporation's Advice Letter No. 871-A, together with California Gas Tariff P.U.C. Sheet Nos. 41, 42, and 43-45.

Should you have any questions regarding this matter, please contact Edward B. Gieseke directly at (702) 364-3271.

Sincerely,



Donald L. Soderberg

DLS:vo  
Enclosures



# SOUTHWEST GAS CORPORATION

Advice Letter No. 871-A

October 13, 2011

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

### California Gas Tariff

| Cal. P.U.C.<br>Sheet No.     | Title of Sheet                             | Canceling<br>Cal. P.U.C.<br>Sheet No. |
|------------------------------|--|---------------------------------------|
| 2nd Revised<br>Sheet No. 41  | Preliminary Statement ( <i>Continued</i> ) | 1st Revised<br>Sheet No. 41           |
| 1st Revised<br>Sheet No. 42  | Preliminary Statement ( <i>Continued</i> ) | Original<br>Sheet No. 42              |
| Original<br>Sheet Nos. 43-45 | Held for Future Use                        |                                       |

### Purpose

This supplemental advice letter is being filed at the request of the Energy Division staff to provide additional tariff language in compliance with California Public Utilities Commission (Commission) Resolution L-411A (Resolution). Advice Letter No. 871, filed on July 29, 2011, was submitted pursuant to the Resolution to establish a memorandum account to track on a Commission-jurisdictional, revenue requirement basis, impacts of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 ("Tax Relief Act"). Southwest's Tax Act Memorandum Account (TAMA) will track the revenue requirement impacts of the Tax Relief Act not otherwise reflected in rates for the period beginning April 14, 2011 until the effective date of rates in Southwest's next general rate case.

### Effective Date

Southwest believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 pursuant to General Order 96-B and should be approved by November 12, 2011, which is thirty (30) days from the date filed.



Advice Letter No. 871-A  
Page 2  
October 13, 2011

**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. 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

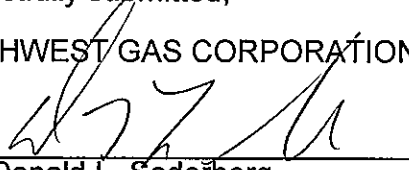
**Service**

In accordance with General Order 96-B, General Rule 4.3, Southwest is mailing copies of this advice letter and related tariff sheets to the utilities and interested parties shown on the attached list.

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By

  
\_\_\_\_\_  
Donald L. Soderberg

Attachments

DISTRIBUTION LIST

Advice Letter No. 871

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)

20. TAX ACT MEMORANDUM ACCOUNT (TAMA)

20A. PURPOSE

The TAMA is a one-way memorandum account for the purpose of tracking revenue requirement impacts of the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (Tax Relief Act). Effective April 14, 2011, it tracks revenue requirement impacts not otherwise reflected in rates resulting from increases in its deferred tax reserve and other direct changes in revenue requirement resulting from taking advantage of the Tax Relief Act. The TAMA shall be used in determining whether any future rate adjustment is appropriate to reflect impacts of the Tax Relief Act; however, if the memorandum account reflects a net revenue requirement increase, the memorandum account shall be terminated without any impact on rates.

This is a memorandum account that is to be tracked "off balance sheet," and no general ledger entries are required at this time. At such time that the Commission rules that the Utility is required to make an adjustment to its revenue requirement and rates, as a result of the tax impacts not otherwise reflected in rates, the Utility will make the appropriate entries in its general ledger.

The following guidelines apply to the additional utility infrastructure investments that may be tracked in the memorandum account: (a) qualifying projects include accelerating existing programs of distribution pipeline replacement, replacement of the riskiest or highest priority gas transmissions based on reasonable engineering assessments, and installing "smart pigs" and associated plant in gas transmission lines; (b) the property that the investment is made in must be Commission-jurisdictional; (c) the property that the investment is made in must itself be eligible for bonus depreciation; (d) at least 90% of the investment must have tax depreciable life of at least 15 years, and any remaining investment be ancillary to such investments; and (e) if a utility determines that it would be best to invest in something other than the typical types of projects included in general rate case type applications, the utility must file an application or advice letter seeking Commission approval in order to record the revenue requirement impact of that investment as an offset in the memorandum account.

20B. APPLICABILITY

The TAMA applies to all customer classes, except for those specifically excluded by the Commission. Separate accounts will be established for each rate jurisdiction to track jurisdictional specific revenue requirement impacts.

20C. DISPOSITION OF ACCOUNT BALANCES

Disposition of the account balance will be determined in the Company's next General Rate Case (GRC), or at such other time as ordered in that GRC decision, the Commission shall address the disposition of amounts (a) recorded in the

PRELIMINARY STATEMENTS  
(Continued)

20. TAX ACT MEMORANDUM ACCOUNT (TAMA) (Continued)

20C. DISPOSITION OF ACCOUNT BALANCES (Continued)

memorandum account and (b) forecast for the remainder of the Memo Account Period, and may reflect any net revenue requirement decrease in prospective rates.

20D. ACCOUNTING PROCEDURE

Annually, the Company may make the following TAMA entries:

1. A credit entry equal to the decrease in revenue requirements resulting from increases in the net deferred tax reserve (deferred tax liabilities net of deferred tax assets).
2. A debit entry equal to the increases in the revenue requirements resulting from taking advantage of the Tax Relief Act to reflect any additional costs or expenses, not otherwise recovered in rates, incurred as a result additional utility infrastructure investment enabled by the bonus depreciation provision of the Tax Relief Act.

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

Canceling \_\_\_\_\_ Original \_\_\_\_\_ Cal. P.U.C. Sheet No. 43-45  
\_\_\_\_\_ Cal. P.U.C. Sheet No. \_\_\_\_\_

HELD FOR FUTURE USE

IF ACTUAL COPY OF FORM IS REQUIRED, PLEASE NOTIFY COMPANY

Advice Letter No. 871-A  
Decision No. \_\_\_\_\_

Issued by  
John P. Hester  
Senior Vice President

Date Filed October 13, 2011  
Effective \_\_\_\_\_  
Resolution No. \_\_\_\_\_