



# **SOUTHWEST GAS CORPORATION**

Donald L. Soderberg, Vice President/Pricing

October 8, 2010

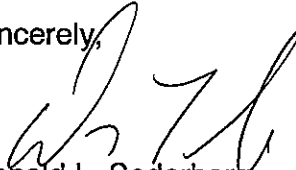
California Public Utilities Commission  
Energy Division  
Attention: Julie A. Fitch, Director  
505 Van Ness Avenue, Room 4004  
San Francisco, CA 94102

Subject: Southwest Gas Corporation (U 905 G)  
Advice Letter No. 852

Dear Ms. Fitch:

Enclosed herewith are five (5) copies of Southwest Gas Corporation's Advice Letter No. 852, together with California Gas Tariff P.U.C. Sheet Nos. 7188-G and 7189-G.

Sincerely,



Donald L. Soderberg

DLS:vo



# SOUTHWEST GAS CORPORATION

Advice Letter No. 852

October 8, 2010

## 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. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
7188-G	Preliminary Statements ( <i>Continued</i> )	7024-G
7189-G	Table of Contents	7184-G

### Purpose

The purpose of this filing is to adjust the tax factors reflected in the Preliminary Statements of Southwest's California Gas Tariff to recover the cost of Federal Income Taxes applicable to customer-contributed facilities 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 is revising its tax factor to reflect the recent change in the Federal Depreciation Provisions of the Internal Revenue Code, pursuant to the Small Business Jobs and Credit Act of 2010 (Act, H.R. 5297, Attachment A) signed by the President of the United States on September 27, 2010. Title II, Subtitle A, Section 2022 of the Act extends IRC Section 168(k) allowing for an additional bonus depreciation allowance for certain property through December 31, 2010. As a result of this change, Southwest's tax factor has reverted back to 20% (Attachment B).

### Effective Date

Southwest believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 1 (effective pending disposition) pursuant to General Order 96-B. Southwest respectfully requests the changes proposed herein are approved with the retroactive effective date of January 1, 2010, to coincide with the effective date of this provision in the Act.

### 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



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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:

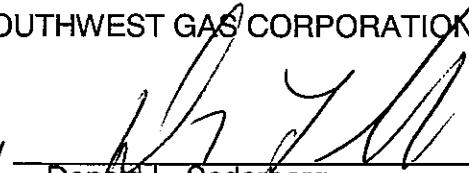
Mr. John P. Hester, Senior Vice-President  
Regulatory Affairs and Energy Resources  
Southwest Gas Corporation  
P.O. Box 98510  
Las Vegas, Nevada 89193-8510  
Facsimile: 702-876-7037

**Notice**

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. 852

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 STATEMENTS  
(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 Utility 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 Advances shall be calculated by multiplying the balance of the applicant's Contributions and Advances by the tax factor of 20% beginning January 1, 2010, 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.

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**The Small Business Jobs and Credit Act of 2010 (H.R. 5297)**

**TITLE II – TAX PROVISIONS**  
**Subtitle A – Small Business Relief**  
***PART II – ENCOURAGING INVESTMENT***

**SEC. 2022. ADDITIONAL FIRST-YEAR DEPRECIATION FOR 50 PERCENT OF THE BASIS OF CERTAIN QUALIFIED PROPERTY.**

(a) In General- Paragraph (2) of section 168(k) of the Internal Revenue Code of 1986 is amended--

(1) by striking 'January 1, 2011' in subparagraph (A)(iv) and inserting 'January 1, 2012', and

(2) by striking 'January 1, 2010' each place it appears and inserting 'January 1, 2011'.

(b) Conforming Amendments-

(1) The heading for subsection (k) of section 168 of the Internal Revenue Code of 1986 is amended by striking 'January 1, 2010' and inserting 'January 1, 2011'.

(2) The heading for clause (ii) of section 168(k)(2)(B) of such Code is amended by striking 'PRE-JANUARY 1, 2010' and inserting 'PRE-JANUARY 1, 2011'.

(3) Subparagraph (D) of section 168(k)(4) of such Code is amended by striking 'and' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting a comma, and by adding at the end the following new clauses:

'(iv) 'January 1, 2011' shall be substituted for 'January 1, 2012' in subparagraph (A)(iv) thereof, and

'(v) 'January 1, 2010' shall be substituted for 'January 1, 2011' each place it appears in subparagraph (A) thereof.'

(4) Subparagraph (B) of section 168(l)(5) of such Code is amended by striking 'January 1, 2010' and inserting 'January 1, 2011'.

(5) Subparagraph (C) of section 168(n)(2) of such Code is amended by striking 'January 1, 2010' and inserting 'January 1, 2011'.

(6) Subparagraph (D) of section 1400L(b)(2) of such Code is amended by striking 'January 1, 2010' and inserting 'January 1, 2011'.

(7) Subparagraph (B) of section 1400N(d)(3) of such Code is amended by striking 'January 1, 2010' and inserting 'January 1, 2011'.

(c) Effective Date- The amendments made by this section shall apply to property placed in service after December 31, 2009, in taxable years ending after such date.

**SOUTHWEST GAS CORPORATION**  
**Advice Letter No. 852 - Attachment B**  
**SMALL BUSINESS JOBS AND CREDIT ACT - 2010 BONUS DEPRECIATION**  
**CALIFORNIA GROSS-UP COMPUTATION INCLUDING CALIFORNIA INCOME TAXES**  
**WITH 50% BONUS DEPRECIATION ON 15 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	State Tax Benefit	MACRS Tax Depreciation Rate[1]	Federal Tax Rate	Federal Tax Benefit	Remaining CIAC Payable	Unrecovered Tax Payment	Rate of Return	Revenue Requirement on Remaining Investment	Discounted Revenue Requirement on Remaining Investment			
1	438.40	1,000	2.857%	2,5256	52.500%	35.00%	183.7500	252.1244	345.2622	17.00%	58.6946	52.4059			
2	(30.94)		5.551%	4.9071	4.750%		15.7410	200.5363	226.3304	17.00%	38.4762	30.6730			
3			5.234%	4.6269	4.280%		13.2625	182.8469	191.5916	17.00%	32.5706	23.1831			
4			4.935%	4.3625	3.850%		11.8556	166.4288	174.5379	17.00%	29.6714	18.8567			
5			4.653%	4.1133	3.470%		10.6181	151.6974	159.0631	17.00%	27.0407	15.3436			
6			4.387%	3.8781	3.120%		9.4804	138.3390	145.0182	17.00%	24.6531	12.4900			
7			4.137%	3.6571	2.950%		8.9677	125.7142	132.0266	17.00%	22.4445	10.1528			
8			3.901%	3.4485	2.950%		9.0450	113.2207	119.4675	17.00%	20.3095	8.2027			
9			3.678%	3.2514	2.960%		9.1870	100.8163	107.0185	17.00%	18.1931	6.5606			
10			3.468%	3.0657	2.960%		9.2870	88.5636	94.6900	17.00%	16.0973	5.1829			
11			3.270%	2.8907	2.960%		9.3133	76.3859	82.4747	17.00%	14.0207	4.0306			
12			3.084%	2.7263	2.950%		9.4058	64.3464	70.3661	17.00%	11.9622	3.0704			
13			2.908%	2.5707	2.960%		9.4253	52.3699	46.4453	17.00%	9.9209	2.2736			
14			2.742%	2.4239	2.960%		9.5116	40.5207	34.6223	17.00%	7.8957	1.6156			
15			2.585%	2.2851	2.960%		4.2402	28.7239	25.5262	17.00%	5.8858	1.0753			
16			2.438%	2.1552	1.440%		(0.7543)	21.0506	21.6895	17.00%	4.3395	0.7079			
17			2.299%	2.0323			(0.7113)	19.8453	20.4479	17.00%	3.6872	0.5370			
18			2.168%	1.9165			(0.6708)	18.7128	19.2791	17.00%	3.2774	0.4520			
19			2.040%	1.8034			(0.6312)	17.5406	18.1267	17.00%	3.0815	0.3805			
20			2.040%	1.8034			(0.6312)	16.3684	16.9545	17.00%	2.8923	0.3195			
21			2.040%	1.8034			(0.6312)	15.1962	15.7823	17.00%	2.6830	0.2668			
22			2.040%	1.8034			(0.6312)	14.0240	14.6101	17.00%	2.4837	0.2217			
23			2.040%	1.8034			(0.6312)	12.8518	13.4379	17.00%	2.2844	0.1833			
24			2.040%	1.8034			(0.6312)	11.6797	12.2658	17.00%	2.0852	0.1505			
25			2.040%	1.8034			(0.6312)	10.5075	11.0936	17.00%	1.8859	0.1227			
26			2.040%	1.8034			(0.6312)	9.3353	9.9214	17.00%	1.6866	0.0990			
27			2.040%	1.8034			(0.6312)	8.1631	8.7492	17.00%	1.4874	0.0791			
28			2.040%	1.8034			(0.6312)	6.9909	7.5770	17.00%	1.2881	0.0623			
29			2.040%	1.8034			(0.6312)	5.8187	6.4048	17.00%	1.0888	0.0482			
30			2.040%	1.8034			(0.6312)	4.6466	5.2327	17.00%	0.8896	0.0363			
31			2.040%	1.8034			(0.6312)	3.4744	4.0605	17.00%	0.6903	0.0265			
32			2.040%	1.8034			(0.6312)	2.3022	2.8883	17.00%	0.4910	0.0184			
33			2.040%	1.8034			(0.6312)	1.1300	1.7161	17.00%	0.2917	0.0117			
34			2.040%	1.8034			(0.6312)	(0.0422)	(0.0439)	17.00%	0.0925	0.0062			
35			2.040%	1.8034			(0.6312)	(0.3171)	(0.1796)	17.00%	(0.0305)	0.0018			
36			1.025%	0.9061			(0.3171)	(0.0005)	(0.1588)	17.00%	(0.0270)	(0.0005)			
			<u>100.000%</u>	<u>88.4000</u>	<u>100.000%</u>		<u>319.0600</u>				<u>377.9511</u>	<u>198.8206</u>			
				<u>407.46</u>	<u>1,000.00</u>		<u>407.4600</u>				<u>198.8206</u>	<u>19.88%</u>			
											<u>1000</u>	<u>19.88%</u>			

[1] Small Business Jobs and Credit Act of 2010 provides for a temporary 50-percent bonus depreciation on 15-year writeoff for natural gas distribution lines.