

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



April 7, 2010

Advice Letters 838 and 838-A

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

**Subject: To Propose a Refund Plan to Distribute Settlement Proceeds
per R.09-07-029 and Supplemental Filing**

Dear Mr. Soderberg:

Advice Letters 838 and 838-A are effective February 19, 2010.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division



SOUTHWEST GAS CORPORATION

Donald L. Soderberg, Vice President/Pricing

February 19, 2010


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

Subject: Southwest Gas Corporation (U 905 G)
Advice Letter No. 838

Dear Ms. Fitch:

Enclosed herewith are five (5) copies of Southwest Gas Corporation's Advice Letter No. 838, together with California P.U.C. Sheet Nos. 7065-G through 7066-G.

Sincerely,



Donald L. Soderberg

DLS:vjo
Enclosures

c: Jonathan Bromson
Division of Ratepayer Advocates



SOUTHWEST GAS CORPORATION

Advice Letter No. 838

February 19, 2010

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Southwest Gas Corporation (Southwest) (U 905 G) tenders herewith for filing the following tariff sheets applicable to its California Gas Tariff:

<u>Cal. P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling Cal. P.U.C. Sheet No.</u>
7065-G	Preliminary Statements (<i>Continued</i>)	5780-G
7066-G	Table of Contents	7064-G

The purpose of this filing is to comply with Decision (D.) 10-01-024, which adopts allocation methodologies and implementation procedures for the Sempra and Price Indexing Cases Settlements and directs respondent utilities to file a Tier 1 Advice Letter to propose a refund plan to implement the accounting and ratemaking treatment adopted in Attachment A to the Decision. The Settlements stem from San Diego Superior Court proceedings related to scarcity in the natural gas market in 2000-2001 and manipulation of published prices for natural gas commodity from 1999-2002. Pursuant to D.10-01-024, Southwest will receive 3.32% of the total net Settlement proceeds.

Consistent with Attachment A, Southwest proposes the following plan to administer the settlement proceeds to its customers:

- I. Southwest will credit its purchased gas account (PGA) for all Settlement receipts.
- II. Core Aggregation Customer Refund
 1. Southwest has only one Core Aggregation customer. Upon receipt of the Settlement consideration initial payment, Southwest shall determine the proportional share of the total Sempra and Price Indexing Settlements consideration attributable to its Core Aggregation customer.

The proportional share shall be based upon the Core Aggregation customer's share of total natural gas throughput, excluding noncore volumes, for the twelve (12) months immediately prior to the receipt of the consideration.

2. The amount of the Settlement consideration to be allocated to Southwest's Core Aggregation customer shall be its proportional share,



discounted to reflect the net present value of the future expected Settlement payment stream. A discount rate of 7.86% will be used in the net present value calculation.

3. The allocated Core Aggregation Settlement consideration shall be refunded as a credit to the Core Aggregation customer's bill at the next practical ratemaking proceeding, which, for Southwest, will be concurrent with or as soon as practical after the monthly adjustment to the procurement charge applicable to Schedule No. GCP, Gas Procurement for Core Customers.

III. Core Sales Customer Refunds

1. Sempra Settlement proceeds attributable to core sales customers will be refunded to sales customers over a single winter month through a credit to the procurement charge applicable to Schedule No. GCP, Gas Procurement for Core Customers.
2. Price Indexing Settlement proceeds attributable to core sales customers will be refunded to sales customers as of the date of the adjustment through an adjustment to the procurement charge applicable to Schedule No. GCP, Gas Procurement for Core Customers in Southwest's routine monthly rate adjustment filing.

IV. Incentive Mechanism

Southwest will treat and account for all Settlement payments in a manner to ensure a neutral effect with respect to Southwest's Gas Cost Incentive Mechanism.

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 OP 6 in D.10-01-024. Therefore, Southwest respectfully requests that this Advice Letter become effective on February 19, 2010, which is the date filed.

Protest

Anyone may protest this advice letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based with specificity, and should be submitted expeditiously. The protest must be sent no later than 20 days after the date of this advice filing, and shall be sent by letter via U.S. Mail, facsimile, or electronically.



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The address for mailing or delivering a protest to the Commission is:

Energy Division
California Public Utilities Commission
Attention: Investigation, Monitoring & Compliance Manager
505 Van Ness Avenue
San Francisco, California 94102
Email: jni@cpuc.ca.gov and mas@cpuc.ca.gov

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:

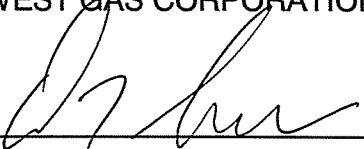
Mr. John P. Hester, Senior Vice President
Regulatory Affairs and Energy Resources
Southwest Gas Corporation
P.O. Box 98510
Las Vegas, Nevada 89193-8510
Facsimile: 702-876-7037

Notice

In accordance with Section 4 of General Order No. 96-B, Southwest Gas is serving copies of this advice filing to the interested parties shown on the attached GO 96-B service list.

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By 

Donald L. Soderberg

Attachments

DISTRIBUTION LIST

Advice Letter No. 838

In Conformance with GO 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

Duane Morris, LLP

Director/Division of Ratepayer Advocates

PRELIMINARY STATEMENTS
(Continued)

7. PURCHASED GAS COST BALANCING ACCOUNT (PGA) (Continued)

7E. ACCOUNTING PROCEDURE (Continued)

2. A credit entry equal to the revenue from the sale of gas delivered during the month, including the amortization of the previous months' over- or under-collection, excluding adjustments for franchise taxes and uncollectible accounts expense.
3. An entry to record credits from interstate pipeline capacity release activity or inter-divisional capacity transfer activity for the month.
4. An entry to record interest on the PGA Balancing Account balance after entry (1) above, calculated as set forth in Section 12B of these Preliminary Statements.
5. A credit entry equal to an allocated portion of any cash refund, including interest, received by the Utility as a result of an order by the Federal Energy Regulatory Commission (FERC) or the California Public Utilities Commission (CPUC). If required, refunds shall be allocated to core sales and core aggregation customers based on the volume of gas sold to such customers.

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