

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 17, 2009

Advice Letter 815

John P. Hester, Sr. Vice-President
Regulatory Affairs and Energy Resources
Southwest Gas Corporation
P O Box 98510
Las Vegas, NV 89193-8510

**Subject: To Revise the Tax Factor in Southwest's ITCCA
(Preliminary Statement)**

Dear Mr. Hester:

Advice Letter 815 is effective January 1, 2009.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division



SOUTHWEST GAS CORPORATION

Roger C. Montgomery, Vice President/Pricing

February 20, 2009

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. 815

Dear Ms. Fitch:

Enclosed herewith are five (5) copies of Southwest Gas Corporation's Advice Letter No. 815, together with: 1) California Gas Tariff P.U.C. Sheet Nos. 6858-G through 6860-G.

Sincerely,

Roger C. Montgomery

RCM:vo
Enclosures



SOUTHWEST GAS CORPORATION

Advice Letter No. 815

February 20, 2009

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.
6858-G	Preliminary Statements (<i>Continued</i>)	6743-G
6859-G	Preliminary Statements (<i>Continued</i>)	6719-G
6860-G	Table of Contents	6853-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 American Recovery and Reinvestment Act of 2009 ("Act", H.R. 1) signed by the President on February 17, 2009. Section 1201 of the Act extends IRC Section 168(k) allowing for 50% bonus depreciation for certain property to continue through December 31, 2009. As a result of this change, Southwest's tax factor has reverted back to 20%.

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 an effective date January 1, 2009, 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 
Roger C. Montgomery

Attachments

DISTRIBUTION LIST

Advice Letter No. 815

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)

12. INTEREST

12A. GENERAL

No interest will be paid by the Company unless it is specifically provided for in the tariff schedules, or ordered by the Public Utilities Commission, except as otherwise provided by Federal Public Law 97-177.

12B. INTEREST ON BALANCING ACCOUNTS

Interest will accrue monthly to the Balancing Accounts as set forth in these Preliminary Statements. The calculation will be based on the average of the beginning and ending balance in such accounts at the rate of 1/12 of the most recent month's interest rate on Commercial Paper (prime, 3-month), published in the Federal Reserve Statistical Release, G.13. Should publication of the interest rate on Commercial Paper (prime, 3-month) be discontinued, interest will so accrue at the rate of 1/12 of the most recent month's interest rate on Commercial Paper, which most closely approximates the discounted rate, and which is published in the Federal Reserve Statistical Release, G.13, or its successor publication.

13. INCOME TAX COMPONENT OF CONTRIBUTIONS AND ADVANCES

13A. GENERAL

All Contributions in Aid of Construction (Contributions) and Advances for construction, made to the Company pursuant to its California Gas Tariff, shall include a charge to cover the Company's resulting estimated liability for income tax.

13B. DEFINITION

Contributions and Advances shall include cash and noncash considerations provided to the Utility by an applicant for service extensions under the terms of a main or service extension agreement or for construction of temporary facilities, or by others for construction-related services deemed taxable for income tax purposes.

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, 2009, 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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SOUTHWEST GAS CORPORATION
Attachment to Advice Letter No. 815
The American Recovery and Reinvestment Act of 2009
CALIFORNIA GROSS-UP COMPUTATION INCLUDING CALIFORNIA INCOME TAXES
WITH 50% BONUS DEPRECIATION ON 15 YEAR PROPERTY
CPUC DECISION 87-09-026

Year	Tax Pmt/(Ben) Reflecting CIAC of \$1000 (b)	Tax Basis (c)	California Depreciation Rates (d)	California Rates (e)	State Tax Benefit (f)	MACRS 15-Year Tax Depreciation Rate [1] (g)	Federal Tax Rate (h)	Federal Tax Benefit (i)	Remaining CIAC Payable (j)	Wid Avg Unrecovered Tax Payment (k)	Rate of Return (l)	Revenue Requirement on Remaining Investment (m)	Discount Factor 12.00% (n)	Discounted Revenue Requirement on Remaining Investment (o)
1	438.40	1,000	2.857%	8.840%	2,5256	52.500%	35.00%	183.7500	252.1244	345.2622	17.00%	58.6946	0.8929	52.4059
2	(30.94)		5.551%		4,9071	4.750%		15.7410	200.5363	226.3304	17.00%	38.4762	0.7972	30.6730
3			5.234%		4,6269	4.275%		13.2450	182.6644	191.6004	17.00%	32.5721	0.7118	23.1842
4			4.935%		4,3625	3.850%		11.8556	166.4463	174.5554	17.00%	29.6744	0.6355	18.6586
5			4.653%		4,1133	3.465%		10.6006	151.7324	159.0894	17.00%	27.0452	0.5674	15.3462
6			4.387%		3,8781	3.115%		9.4629	138.3915	145.0620	17.00%	24.6605	0.5066	12.4988
7			4.137%		3,6571	2.950%		8.9677	125.7667	132.0791	17.00%	22.4534	0.4523	10.1568
8			3.901%		3,4485	2.955%		9.0625	113.2557	119.5112	17.00%	20.3169	0.4039	8.2057
9			3.678%		3,2514	2.950%		9.1180	100.8663	107.0710	17.00%	18.2021	0.3606	6.5638
10			3.468%		3,0657	2.955%		9.2045	88.6161	94.7512	17.00%	16.1077	0.3220	5.1862
11			3.270%		2,8907	2.950%		9.2520	76.4734	82.5447	17.00%	14.0326	0.2875	4.0940
12			3.084%		2,7263	2.955%		9.3308	64.4164	70.4449	17.00%	11.9756	0.2567	3.0738
13			2.908%		2,5707	2.950%		9.3708	52.4749	58.4456	17.00%	9.9858	0.2292	2.2770
14			2.742%		2,4239	2.955%		9.4428	40.8082	46.5416	17.00%	7.9121	0.2046	1.6190
15			2.585%		2,2851	2.950%		9.4766	28.8464	34.7273	17.00%	5.9036	0.1827	1.0786
16			2.438%		2,1552	1.475%		4.3627	22.3285	25.5875	17.00%	4.3499	0.1631	0.7096
17			2.299%		2,0323			(0.7543)	21.0506	21.6895	17.00%	3.6872	0.1456	0.5370
18			2.168%		1,9165			(0.7113)	19.8453	20.4479	17.00%	3.4762	0.1300	0.4520
19			2.040%		1,8034			(0.6708)	18.7128	19.2791	17.00%	3.2774	0.1161	0.3805
20			2.040%		1,8034			(0.6312)	17.5406	18.1267	17.00%	3.0815	0.1037	0.3195
21			2.040%		1,8034			(0.6312)	16.3684	16.9545	17.00%	2.8823	0.0926	0.2668
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)	11.6797	12.2658	17.00%	2.0852	0.0588	0.1227
26			2.040%		1,8034			(0.6312)	10.5075	11.0936	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)	4.6466	5.2327	17.00%	0.8896	0.0298	0.0265
32			2.040%		1,8034			(0.6312)	3.4744	4.0605	17.00%	0.6903	0.0266	0.0184
33			2.040%		1,8034			(0.6312)	2.3022	2.8883	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%	0.0925	0.0189	0.0018
36			1.025%		0.9061			(0.3171)	(0.3171)	(0.1588)	17.00%	(0.0270)	1.0000	(0.0005)
					88.4000	100.000%		319.0600		378.0879		198.8620		198.8620
					407.46	1,000.00		407.4600				198.8620 / 1000		19.89%

[1] The Economic Stimulus Act of 2008 provides for a temporary 50-percent bonus depreciation. The American Recovery and Reinvestment Act of 2009 extended the temporary 50-percent bonus depreciation