



SOUTHWEST GAS CORPORATION

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ENERGY DIVISION
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Roger C. Montgomery, Vice President/Pricing

November 26, 2008

**PLEASE STAMP AND RETURN IN
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California Public Utilities Commission
Energy Division
Attention: Ken Lewis, Interim Director
505 Van Ness Avenue, Room 4004
San Francisco, CA 94102

Subject: Southwest Gas Corporation (U 905 G)
Advice Letter No. 809

STATE
DEC 05 2008
REGULATORY AFFAIRS

Dear Mr. Lewis:

Enclosed herewith are five (5) copies of Southwest Gas Corporation's Advice Letter No. 809, together with: 1) California Gas Tariff P.U.C. Sheet Nos. 6722-G through 6723-G.

Sincerely,

Edward B. Gray for
Roger C. Montgomery

RCM:vo
Enclosures



SOUTHWEST GAS CORPORATION

Advice Letter No. 809

November 26, 2008

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.
6722-G	Preliminary Statements (<i>Continued</i>)	6618-G
6723-G	Table of Contents	6718-G

California – South Lake Tahoe Gas Tariff

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Cancelled	Preliminary Statements (<i>Continued</i>)	Original Revised Sheet No. 13

Purpose

The purpose of this filing is to adjust the tax factors reflected in the Preliminary Statements of Southwest's California Gas Tariff and South Lake Tahoe 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 factors to reflect the elimination of the 50% bonus depreciation for certain gas properties, which was implemented pursuant to the Economic Stimulus Act of 2008. As a result, Southwest's Federal Income Tax rate will increase from 20% to 31%, effective January 1, 2009.

Additionally, in Decision No. 08-11-048¹, the Commission authorized the consolidation of Southwest's South Lake Tahoe and California Gas Tariffs. As a result, effective January 1, 2009, the entire South Lake Tahoe Gas Tariff will be cancelled, including Preliminary Statement Sheet No. 13. All tax rates applicable to South Lake Tahoe will be reflected in the Preliminary Statements of the California Gas Tariff.

¹ Issued in Application 07-12-022, Southwest Gas Corporation's Test-Year 2009 General Rate Case Application



Advice Letter No. 809
Page 2
November 26, 2008

Effective Date

Southwest believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 pursuant to General Order (G.O.) 96-B. Southwest respectfully requests the rate changes proposed herein be approved December 26, 2008, which is thirty (30) calendar days after the date filed, with an effective date of January 1, 2009.

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 _____
Roger C. Montgomery

Attachments

DISTRIBUTION LIST

Advice Letter No. 809

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

Federal Income Taxes and California Franchise Taxes 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 tax factor to be applied to applicant's Contributions and Advances to establish a total of applicant's Contributions and Advances plus taxes is: (a) 1.35 through and including September 10, 2001; (b) 1.27 from September 11, 2001 through and including August 19, 2003; (c) 1.22 from August 20, 2003 through and including December 31, 2004; (d) 1.35 from January 1, 2005 through and including February 29, 2008; (e) 1.20 from March 1, 2008 through and including December 31, 2008; and (f) 1.31 on and after January 1, 2009. 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 OII 86-11-019.

13E. TAX FACTOR ADJUSTMENT

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.

T/N
N

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TABLE OF CONTENTS

The following listed sheets contain all the effective rates and rules affecting rates and service and information relating thereto in effect on and after the date indicated thereon.

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CALIFORNIA CIAC GROSS-UP COMPUTATION INCLUDING CALIFORNIA STATE TAXES
 Effective Date: January 1, 2009
 Advice Letter No. 809

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
YEAR	PMT/(BEN) CIAC OF \$1,000	TAX BASIS	CALIFORNIA DEPRECIATION RATES	CALIFORNIA RATES	STATE TAX BENEFIT	MODIFIED MACRS RATES	FEDERAL TAX RATE	FEDERAL TAX BENEFIT	REMAINING CIAC PAYABLE	WTD. AVG. UNRECOVERED TAX PMT.	RATE OF RETURN	REVENUE REQUIREMENT ON REMAINING INVESTMENT	DISCOUNT FACTOR 0.12	DISCOUNTED REVENUE REQUIREMENT ON REMAINING INVESTMENT
1	438.4	1,000	2.857%	8.840%	2,5256	5.000%	35.00%	17,5000	418,3744	428,3872	17,000%	72,8258	0.8929	65,0262
2	-30.94		5.551%		4,9071	9.500%		32,3660	350,1613	384,2679	17,000%	65,3255	0.7972	52,0771
3			5.234%		4,6269	8.550%		28,2075	317,3270	333,7442	17,000%	56,7365	0.7118	40,9839
4			4.935%		4,3825	7.700%		25,3306	287,6338	302,4804	17,000%	51,4217	0.6355	32,6794
5			4.653%		4,1133	6.930%		22,7281	260,7925	274,2132	17,000%	46,6162	0.5674	26,4513
6			4.387%		3,8781	6.230%		20,3654	236,5490	248,6707	17,000%	42,2740	0.5066	21,4173
7			4.137%		3,6571	5.900%		19,2927	213,5992	225,0741	17,000%	38,2626	0.4523	17,3081
8			3.901%		3,4485	5.900%		19,3700	190,7807	202,1899	17,000%	34,3723	0.4039	13,8824
9			3.678%		3,2514	5.910%		19,4780	168,0513	179,4160	17,000%	30,5007	0.3606	10,9889
10			3.468%		3,0657	5.910%		19,5120	145,4736	156,7625	17,000%	26,6496	0.3220	8,5805
11			3.270%		2,8907	5.910%		19,6120	122,9709	134,2223	17,000%	22,8178	0.2875	6,5596
12			3.084%		2,7263	5.900%		19,6383	100,6064	111,7887	17,000%	19,0041	0.2567	4,8779
13			2.908%		2,5707	5.910%		19,7308	78,3049	89,4656	17,000%	15,2075	0.2292	3,4852
14			2.742%		2,4239	5.910%		19,7503	56,1307	67,2178	17,000%	11,4270	0.2046	2,3382
15			2.585%		2,2851	5.910%		19,8366	34,0089	45,0698	17,000%	7,6619	0.1827	1,3998
16			2.436%		2,1552	2.950%		9,5252	22,3285	28,1687	17,000%	4,7887	0.1631	0,7811
17			2.299%		2,0323			(0,7543)	21,0505	21,6895	17,000%	3,6872	0.1456	0,5370
18			2.168%		1,9165			(0,7113)	19,8453	20,4479	17,000%	3,4761	0.1300	0,4520
19			2.040%		1,8034			(0,6706)	18,7128	19,2790	17,000%	3,2774	0.1161	0,3805
20			2.040%		1,8034			(0,6312)	17,5406	18,1267	17,000%	3,0815	0.1037	0,3194
21			2.040%		1,8034			(0,6312)	16,3684	16,9545	17,000%	2,8823	0.0926	0,2668
22			2.040%		1,8034			(0,6312)	15,1963	15,7824	17,000%	2,6830	0.0826	0,2217
23			2.040%		1,8034			(0,6312)	14,0241	14,6102	17,000%	2,4837	0.0738	0,1833
24			2.040%		1,8034			(0,6312)	12,8520	13,4380	17,000%	2,2845	0.0659	0,1505
25			2.040%		1,8034			(0,6312)	11,6798	12,2659	17,000%	2,0852	0.0588	0,1227
26			2.040%		1,8034			(0,6312)	10,5076	11,0937	17,000%	1,8859	0.0525	0,0990
27			2.040%		1,8034			(0,6312)	9,3355	9,9216	17,000%	1,6867	0.0469	0,0791
28			2.040%		1,8034			(0,6312)	8,1633	8,7494	17,000%	1,4874	0.0419	0,0623
29			2.040%		1,8034			(0,6312)	6,9912	7,5772	17,000%	1,2881	0.0374	0,0482
30			2.040%		1,8034			(0,6312)	5,8190	6,4051	17,000%	1,0889	0.0334	0,0363
31			2.040%		1,8034			(0,6312)	4,6468	5,2329	17,000%	0,8896	0.0298	0,0265
32			2.040%		1,8034			(0,6312)	3,4747	4,0608	17,000%	0,6903	0.0266	0,0184
33			2.040%		1,8034			(0,6312)	2,3025	2,8886	17,000%	0,4911	0.0238	0,0117
34			2.040%		1,8034			(0,6312)	1,1304	1,7164	17,000%	0,2918	0.0212	0,0062
35			2.040%		1,8034			(0,6312)	(0,0418)	0,5443	17,000%	0,0925	0.0189	0,0018
36			1.025%		0,9061			(0,3167)	(0,3167)	(0,1792)	17,000%	(0,0305)	0.0169	-0,0005
37					0,0000			(0,3171)	0,0004	(0,1581)	17,000%	(0,0269)	0.0151	-0,0004
			100.000%		88,4000	100.000%		319,0596		581,6677				311,2692
								407,4596						31,1300%
														31,0000%

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Southwest Gas Corporation (U 905 G)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: **Roger C. Montgomery**

Phone #: **(702)876-7321**

E-mail: **roger.montgomery@swgas.com**

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
 PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **809**

Subject of AL: **To revise the tax factor in Southwest's ITCCA (Preliminary Statement)**

Keywords (choose from CPUC listing): **Taxes/Preliminary Statement**

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Not applicable

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: **Not applicable**

Summarize differences between the AL and the prior withdrawn or rejected AL¹: **Not applicable**

Resolution Required? Yes No

Requested effective date: **January 1, 2009**

No. of tariff sheets: **2 in CA Tariff;**

Estimated system annual revenue effect (%): **Not applicable**

Estimated system average rate effect (%): **Not applicable**

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: **Not applicable**

Service affected and changes proposed¹: **See 'Subject of AL' above**

Pending advice letters that revise the same tariff sheets: **Not applicable**

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

**CPUC, Energy Division
 Attention: Tariff Unit
 505 Van Ness Ave.,
 San Francisco, CA 94102**

jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Utility Info (including e-mail)

**Mr. John P. Hester, Sr. Vice-Pres.
 Reg. Affairs & Energy Resources
 Southwest Gas Corporation
 P. O. Box 98510
 Las Vegas, NV 89193-8510
 Facsimile: 702-876-7037**

¹ Discuss in AL if more space is needed.