



SOUTHWEST GAS CORPORATION

January 12, 2009

TO ALL HOLDERS OF
SOUTHWEST GAS CORPORATION
ARIZONA GAS TARIFF NO. 7

Subject: Revision No. 156

This revision reflects authorization by the Arizona Corporation Commission for Southwest to: (1) Revise the effective date for the Department of Transportation Safety Program charge; (2) Increase the Purchased Gas Cost Adjustment (PGA) bandwidth from \$.13 per therm to \$.15 per therm; and (3) Increase the Gas Cost Balancing Account (GCBA) ceiling from \$29.2 million to \$55.78 million. These revisions are in accordance with Decision No. 70665, dated December 24, 2008, in Docket No. G-01551A-07-0504, Southwest's 2007 General Rate Case. The attached tariff sheets are effective December 1, 2008.

The following changes should be made in your copy of Southwest's Arizona Gas Tariff No. 7:

Insert A.C.C. Sheet No.

37th Revised Sheet No. 13
3rd Revised Sheet No. 19
6th Revised Sheet No. 87
3rd Revised Sheet No. 88

Supersedes A.C.C. Sheet No.

36th Revised Sheet No. 13
2nd Revised Sheet No. 19
5th Revised Sheet No. 87
2nd Revised Sheet No. 88

Debra Gallo, Director
Government and State Regulatory Affairs

STATEMENT OF RATES
EFFECTIVE SALES RATES APPLICABLE TO ARIZONA SCHEDULES ^{1/ 2/}
(Continued)

Description	Delivery Charge	^{3/} Rate Adjustment	Monthly Gas Cost	Currently Effective Tariff Rate
<u>G-80 – Natural Gas Engine ^{6/} Gas Service</u>				
Basic Service Charge per Month:				
Off-Peak Season (October–March)	\$ 0.00			\$ 0.00
Peak Season (April–September)	\$125.00			\$125.00
Commodity Charge per Therm:				
All Usage	\$.19069	\$.00828	\$.94440	\$ 1.14337

- 1/ All charges are subject to adjustment for any applicable taxes or governmental impositions.
- 2/ Customers taking transportation service will pay the Basic Service Charge, the Commodity Charge per Therm less the Monthly Gas Cost, and Demand Charge, if applicable, of the Currently Effective Tariff Rate for each meter included in the transportation service agreement, plus an amount of \$.00865 per therm for distribution shrinkage as defined in Rule No. 1 of this Arizona Gas Tariff. The shrinkage charge shall be updated annually effective May 1. For customers converting from sales service, an additional amount equal to the currently effective Gas Cost Balancing Account Adjustment will be assessed for a period of 12 months.
- 3/ (a) For Schedule Nos. G-5, G-6 and G-20, the Rate Adjustment includes \$.01128 per therm to recover LIRA program costs. This charge shall be updated annually effective May 1.
- (b) For all rate schedules except for Schedule Nos. G-30 and B-1, the Rate Adjustment includes \$.00423 per therm to fund DSM Program costs. This charge shall be updated annually effective the first billing cycle in April.
- (c) For all rate schedules, except for Schedule Nos. G-30 and B-1, the Rate Adjustment includes \$.00111 per therm for the Gas Research Fund. This charge shall be updated annually effective May 1.
- (d) For all rate schedules, the Rate Adjustment includes \$.00294 per therm for the Department of Transportation (DOT) Safety Program costs. This charge shall be updated annually effective March 1.
- 4/ The total monthly demand charge is equal to the unit rate shown multiplied by the customer's billing determinant.
- 5/ The charges for Schedule No. G-55 are subject to adjustment for applicable state and federal taxes on fuel used in motor vehicles.
- 6/ The gas cost for this rate schedule shall be updated seasonally, April 1 and October 1 of each year.

Schedule No. G-10

SINGLE-FAMILY LOW INCOME RESIDENTIAL GAS SERVICE

APPLICABILITY

Applicable to gas service to the primary residences of low income residential customers who would otherwise be provided service under Schedule No. G-5 and who meet the criterion which establishes that a qualifying customer's household income must not exceed 150 percent of the Federal poverty level.

TERRITORY

Throughout the certificated area served by the Utility in the communities as set forth on A.C.C. Sheet No. 8 of this Arizona Gas Tariff.

RATES

The basic service charge is set forth in the currently effective Statement of Rates of this Arizona Gas Tariff and is incorporated herein by reference. The commodity charge applicable to the first 150 therms per month during the winter season (November through April) delivered under this schedule shall reflect a 20 percent reduction from the commodity charge (excluding the LIRA and Gas Cost Balancing Account rate adjustments) applicable to Schedule No. G-6, the customer's otherwise applicable gas sales tariff schedule.

MINIMUM CHARGE

The minimum charge per meter per month is the basic service charge.

SPECIAL CONDITIONS

1. Eligibility requirements for the Low Income Residential Gas Service are set forth on the Utility's Application and Declaration of Eligibility for Low Income Ratepayer Assistance form. Customers must have an approved application form on file with the Utility. Recertification will be required prior to November 1 every two years and whenever a customer moves to a new residence within the Utility's service area.

SPECIAL SUPPLEMENTARY TARIFF
PURCHASED GAS COST ADJUSTMENT PROVISION

APPLICABILITY

This Purchased Gas Cost Adjustment Provision shall apply to all schedules except for Schedule Nos. G-30 and G-80 of this Arizona Gas Tariff.

CHANGE IN RATES

The Monthly Gas Cost (MGC) rate for schedules covered by this provision includes the sum of the rolling twelve-month average purchased gas (PGA) rate plus the Gas Cost Balancing Account Adjustment, if applicable. Monthly adjustments will be made to the MGC to reflect the most currently available PGA rate. In accordance with Decision No. 70665, the PGA rate included in the MGC rate cannot be more than \$.15 per therm different than any PGA rate in effect during the preceding 12 months.

BANK BALANCE

The Utility shall establish and maintain a Gas Cost Balancing Account, if necessary, for the schedules subject to this provision. Entries shall be made to this account each month, if appropriate, as follows:

1. A debit or credit entry equal to the difference between (a) the actual purchased gas cost for the month and (b) an amount determined by multiplying the Monthly Gas Cost Rate as set forth on Sheet Nos. 11 and 12 of this Arizona Gas Tariff by the therms billed during the month under the applicable schedules of this Arizona Gas Tariff.
2. A debit or credit entry for refunds or payments authorized by the Commission.
3. A debit or credit entry for interest to be applied to over- and under-collected bank balances based on the monthly one-year nominal Treasury constant maturities rate.

SOUTHWEST GAS CORPORATION
P.O. Box 98510
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Arizona Gas Tariff No. 7
Arizona Division

Canceling 3rd Revised A.C.C. Sheet No. 88
2nd Revised A.C.C. Sheet No. 88

SPECIAL SUPPLEMENTARY TARIFF
PURCHASED GAS COST ADJUSTMENT PROVISION
(Continued)

MONTHLY INFORMATION FILINGS

Each month the Utility shall make a cost of gas informational filing with Commission Staff to include any and all information required by the Commission. Additionally, the Utility shall file revised tariff sheets that include the current month's MGC rate.

ADDITIONAL REQUIREMENTS

A special review is required if the Gas Cost Balancing Account (GCBA) reaches \$55.78 million. The Utility must file an application for a Gas Cost Balancing Account adjustment within forty-five (45) days of completing the Monthly Informational Filing that illustrates the threshold has been exceeded or contact the Commission to discuss why an adjustment is not necessary at this time. The Commission, upon review, may authorize the balance to be amortized through a predetermined rate included as part of the MGC for a specified period. Lost and unaccounted for gas recovery is limited to the lesser of the actual costs incurred or one percent (1%) of total annual purchases.

Issued On December 30, 2008
Docket No. G-01551A-07-0504

Issued by
John P. Hester
Senior Vice President

Effective December 1, 2008
Decision No. 70665