

NEW APPLICATION ORIGIN



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SOUTHWEST GAS CORPORATION

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Roger C. Montgomery, Vice President/Pricing

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March 22, 2006

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007-2996

G-01551A-06-0185

Re: Advice Letter No. 06-03-02

Southwest Gas Corporation (Southwest) hereby seeks Commission approval to establish a revised gas cost balancing account (PGA) surcharge applicable to Page, Arizona.

The Commission last authorized a change in the Page gas cost surcharge effective May 24, 2004 when the surcharge was established at \$.0571 per therm through June 2006. As of February 28, 2006, Page's PGA bank balance was undercollected by \$429,295.

Requested Surcharge

Southwest requests that the Commission authorize a \$.1991 per therm increase in the gas cost surcharge to \$.2562 per therm on July 1, 2006. The proposed surcharge would eliminate the balance by January 31, 2008. As shown in Attachment A, Southwest forecasts that absent the implementation of the proposed surcharge to clear the balance, the unrecovered gas cost account balance will continue to increase throughout 2006 and 2007.

Average Residential Bill Comparisons

The effect of the proposed surcharge is shown below for an average residential customer. In Page, an average residential customer uses 11 therms in August and 67 therms in January. The bill comparisons utilize the monthly gas cost rate projected for August 2006 and January 2007. A summary of the bill comparisons are shown below.

Average Residential Bill for 2006/07

Month (average usage)	Current	Proposed	Increase	Percent Change
August (11 therms)	\$ 26.38	\$ 28.57	\$ 2.19	8.3%
January (67 therms)	\$134.64	\$147.98	\$13.34	9.9%
Annual Avg. (28 therms)	\$ 59.76	\$ 65.33	\$ 5.57	9.3%



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In consideration of the above, Southwest respectfully requests that the Commission authorize the \$.2562 per therm surcharge on July 1, 2006, upon expiration of the current \$.0571 surcharge. Implementation of the surcharge increase July 1 will allow customers to adjust to the increased gas cost before the next winter season.

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By: *Roger C. Montgomery*
Roger C. Montgomery

Attachment A

Current Gas Cost and Forecasted Gas Cost Account Balance

Billing Month	Volumes in therms (1)	Base Gas Cost	MGCA	PGA	Total Gas Cost	Forecasted Gas Cost (2)	Account Balance
March '06	94,436	0.55	0.5114	0.0571	1.1185	1.1673	\$436,483
April '06	76,018	0.55	0.5586	0.0571	1.1657	1.0946	\$433,389
May '06	60,094	0.55	0.5665	0.0571	1.1736	1.0990	\$431,046
June '06	56,760	0.55	0.5665	0.0571	1.1736	1.1127	\$429,697
July '06	53,538	0.55	0.5707	0	1.1207	1.1127	\$431,347
August '06	55,126	0.55	0.5863	0	1.1363	1.1127	\$432,145
September '06	56,614	0.55	0.5889	0	1.1389	1.1209	\$433,249
October '06	71,698	0.55	0.5923	0	1.1423	1.1318	\$434,795
November '06	121,999	0.55	0.6010	0	1.1510	1.2193	\$446,111
December '06	171,564	0.55	0.6207	0	1.1707	1.2275	\$459,476
January '07	188,908	0.55	0.6536	0	1.2036	1.2275	\$467,843
February '07	127,913	0.55	0.6537	0	1.2037	1.2275	\$474,049
March '07	94,436	0.55	0.6396	0	1.1896	1.2275	\$480,420
April '07	76,018	0.55	0.6390	0	1.1890	1.1510	\$480,048
May '07	60,094	0.55	0.6441	0	1.1941	1.1510	\$479,799
June '07	56,760	0.55	0.6479	0	1.1979	1.1510	\$479,442
July '07	53,538	0.55	0.6506	0	1.2006	1.1127	\$476,976
August '07	55,126	0.55	0.6526	0	1.2026	1.1127	\$474,266
September '07	56,614	0.55	0.6526	0	1.2026	1.1209	\$471,899
October '07	71,698	0.55	0.6526	0	1.2026	1.1318	\$469,244
November '07	121,999	0.55	0.6526	0	1.2026	1.2193	\$474,364
December '07	171,564	0.55	0.6526	0	1.2026	1.2275	\$482,336
January '08	188,908	0.55	0.6526	0	1.2026	1.2275	\$490,973

- (1) The sales volumes are forecasted based on normal weather. February 2007 through January 2008 assumed same as year prior.
- (2) Propane gas prices forecasted from March 2006 through June 2007 based on the applicable NYMEX propane futures contract plus a basis differential to indicate the differences for delivery at Mont Belview, Texas to delivery at Page, Arizona. Forecasted propane prices from July 2007 through January 2008 assumed to be same as year prior.

STATEMENT OF RATES
EFFECTIVE SALES RATES APPLICABLE TO PAGE, ARIZONA SCHEDULES (1)

Description	Base Tariff		Monthly Gas Cost Adjustment	Rate Adjustment (2)	Effective Rate
	Margin	Gas Cost			
PR-1 – Residential Gas Service (3)					
Basic Service Charge	\$ 6.00				\$ 6.00
Commodity Charge per Therm:					
All Usage	\$.6593	\$.5500	\$.5586	\$.2562	\$ 2.0241
PR-2 – Commercial Gas Service					
Basic Service Charge	\$ 18.00				\$ 18.00
Commodity Charge per Therm:					
All Usage	\$.5593	\$.5500	\$.5586	\$.2562	\$ 1.9241

SERVICE CHARGES

Establishment of Service	\$ 20.00
Reconnection Charge	
– Regular Business Hours	\$ 30.00
– After Business Hours	\$ 45.00
Appliance and Miscellaneous Service Call	
– Regular Business Hours (per hour)	\$ 30.00
– After Business Hours (per hour)	\$ 45.00
Meter Reread Charge – (if correct)	\$ 25.00
Meter Test Fee per hour – (if correct)	\$ 25.00
NSF Check Fee	\$ 15.00
Late Charge per month	1.50%

Notes:

- (1) All charges are subject to adjustment for any applicable taxes or governmental impositions.
- (2) The Rate Adjustment includes \$.2562 per therm to reduce the unrecovered balance in the Gas Cost Balancing Account.
- (3) Customers receiving the Low Income Ratepayer Assistance Discount Pilot Program shall receive up to a \$12.10 discount on their winter bills, not to exceed their monthly bill.

Issued On March 21, 2006
Docket No. G-01551A-02-0425
G-00000C-98-0568

Issued by
John P. Hester
Vice President

Effective July 1, 2006
Decision No. 68249/62994