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SOUTHWEST GAS CORPORATION

December 6, 2006

Arizona Corporation Commission
DOCKETED

DEC -7 2006

Docket Control Center
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

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Re: Docket No. G-01551A-04-0686; Decision No. 67413

Southwest Gas Corporation (Southwest) herewith submits its report on the revised imbalance charge calculation methodology in compliance with the Arizona Corporation Commission's D.67413 in Docket No. G-01551A-04-0686. Southwest's experience with the imbalance calculation methodology adopted in D.67413 has shown that transportation customers were encouraged to stay within imbalance tolerances. During the twelve months ended October 2006, transportation customers incurred only \$199,767 in imbalance charges. This amount was credited to Account No. 191.

Even though the imbalance calculation methodology has worked well in the past, service on El Paso Natural Gas Company (El Paso) has changed dramatically. Southwest recently filed Advice Letter No. 06-11-01 (dated November 22, 2006) requesting authority to conform its imbalance provisions to the El Paso changes and has held meetings with its transportation customers to explain the new upstream pipeline requirements and how they will affect each individual transporter.

Sincerely,

By
Debra S. Jacobson

Debra S. Jacobson, Director
Government & State Regulatory Affairs

c Bob Gray, ACC
Compliance Section, ACC

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