

# ORIGINAL NEW APPLICATION



## SOUTHWEST GAS CORPORATION

Roger C. Montgomery, Vice President/Pricing

January 31, 2007

Docket Control Office  
Arizona Corporation Commission  
1200 West Washington Street G-01551A-07-0072  
Phoenix, AZ 85007-2996

Subject: Advice Letter No. 07-01-01

Southwest Gas Corporation (Southwest) herewith submits for filing and approval an original and thirteen (13) copies of the following tariff sheet applicable to its Arizona Gas Tariff No. 7:

Twenty-Seventh Revised A.C.C. Sheet No. 13

The purpose of this advice letter is to seek Commission approval to revise the Demand Side Management (DSM) surcharge effective the first billing cycle in April 2007, the same date the April 2007 Monthly Gas Cost will become effective. The requested surcharge is \$.00176 per therm, which will replace the currently effective rate of \$.00094. Southwest is not submitting the remainder of the Statement of Rates at this time, as the Monthly Gas Cost will change in the interim period. The entire Statement of Rates, including, the revised DSM surcharge, will be submitted with the April 2007 Monthly Gas Cost Filing.

Southwest is supplying the backup data for this filing under separate cover to Utilities Division Staff and RUCO.

Southwest respectfully requests the Commission approve the proposed tariff change to become effective with the first billing cycle in April 2007 (April 2, 2007).

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By: *Roger C. Montgomery*

Roger C. Montgomery

c Mr. Robert Gray, ACC  
Mr. Stephen Ahearn, RUCO

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DOCKETED BY	<i>WJL</i>
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**STATEMENT OF RATES**  
**EFFECTIVE SALES RATES APPLICABLE TO ARIZONA SCHEDULES <sup>1/2/</sup>**  
*(Continued)*

Description	Delivery Charge	<sup>3/</sup> Rate Adjustment	<sup>4/</sup> Monthly Gas Cost	Currently Effective Tariff Rate
<u>G-80 – Natural Gas Engine <sup>7/</sup> Gas Service</u>				
Basic Service Charge per Month:				
Off-Peak Season (October–March)	\$ 0.00			\$ 0.00
Peak Season (April–September)	\$ 95.00			\$ 95.00
Commodity Charge per Therm:				
All Usage	\$ .17700	\$ .00279	\$ .83086	\$ 1.01065

- 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 \$.00715 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 \$.00668 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 \$0.00176 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 \$.00113 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 \$.00072 per therm for the Department of Transportation (DOT) Safety Program costs. This charge shall be updated annually effective May 1 and will expire on February 28, 2009.
- 4/ Except for Schedule Nos. G-10, G-11, G-30 and G-80, the Monthly Gas Cost includes \$.11000 per therm to reduce the unrecovered balance in the Gas Cost Balancing Account.
- 5/ The total monthly demand charge is equal to the unit rate shown multiplied by the customer's billing determinant.
- 6/ The charges for Schedule No. G-55 are subject to adjustment for applicable state and federal taxes on fuel used in motor vehicles.
- 7/ The gas cost for this rate schedule shall be updated seasonally, April 1 and October 1 of each year.

SOUTHWEST GAS CORPORATION  
 ARIZONA  
 COMPUTATION OF DSM SURCHARGE

Line No.	Description (a)	Volume (b)	Amount (c)	Line No.
1	2007 DSM Program Costs		\$ 1,210,000	1
	Adjustments to calculate new DSM Surcharge			
2	DSM Balancing Account Balance @ December 31, 2006		(9,925)	2
3	Estimated Recoveries, January - March, 2007		(224,346)	3
4	Estimated Accruals, January - March, 2007 [1]		138,343	4
5	Total to be Recovered (Lines 1 - 4)		<u>\$ 1,114,072</u>	5
6	Terms applicable to the DSM Surcharge [2]	632,731,431		6
7	DSM Surcharge Rate Per Therm		<u>\$ 0.00176</u>	7

[1] 2006 Accruals divided by 4

[2] See Schedule 5.

**SOUTHWEST GAS CORPORATION  
ARIZONA  
ESTIMATED DSM RECOVERIES**

<u>Line No.</u>	<u>Description</u> (a)	<u>2006 Volumes</u> (b)	<u>Surcharge Per Therm</u> (c)	<u>Estimated Recovery</u> (d)	<u>Line No.</u>
1	January, 2007	88,633,387	\$ 0.00094	\$ 83,315	1
2	February, 2007	79,232,673	\$ 0.00094	\$ 74,479	2
3	March, 2007	70,800,049	\$ 0.00094	\$ 66,552	3
4	Total	<u>238,666,109</u>	\$ 0.00094	<u>\$ 224,346</u>	4

**SOUTHWEST GAS CORPORATION  
 ARIZONA  
 DEMAND SIDE MANAGEMENT PROGRAMS  
 EXPENDITURES BY MONTH AND BY DSM PROGRAM  
 FOR THE TWELVE MONTHS ENDED DECEMBER 2006**

Line No.	Description (a)	Energy Advantage Plus (b)	Low Income Energy Conservation (c)	Bill Assistance Program (d)	Total (e)	Line No.
1	January-06	\$ 5,484	\$ -	\$ -	\$ 5,484	1
2	February-06	9,755	20,516	0	30,271	2
3	March-06	23,135	35,973	0	59,108	3
4	April-06	17,614	0	0	17,614	4
5	May-06	8,974	1,182	0	10,156	5
6	June-06	14,034	66,116	0	80,150	6
7	July-06	14,662	0	0	14,662	7
8	August-06	29,661	171,840	0	201,501	8
9	September-06	9,861	0	0	9,861	9
10	October-06	(8,262)	10,241	0	1,979	10
11	November-06	10,089	25,716	50,000	85,805	11
12	December-06	24,433	12,347		36,780	12
13	Total	<u>\$ 159,440</u>	<u>\$ 343,931</u>	<u>\$ 50,000</u>	<u>\$ 553,371</u>	13

SOUTHWEST GAS CORPORATION  
ARIZONA  
DEMAND SIDE MANAGEMENT PROGRAMS  
PROJECTED COSTS BY MONTH AND BY PROGRAM  
FOR THE TWELVE MONTHS ENDED DECEMBER 2006

Line No.	Month (a)	Energy Advantage Plus (b)	Low Income Energy Conservation (c)	Energy Star Home (d)	Technology Information Center (e)	Distributed Generation (f)	Commercial Program Spray Rinse Valves (g)	Total (h)	Line No.
1	January-06	\$ 20,833	\$ 41,666					\$ 62,499	1
2	February-06	20,833	41,666					62,499	2
3	March-06	20,834	41,667					62,501	3
4	April-06	20,833	41,667					62,500	4
5	May-06	20,833	41,667					62,500	5
6	June-06	20,834	41,666					62,500	6
7	July-06		41,667	\$ 37,500	\$ 5,834	\$ 33,333	\$ 20,833	139,167	7
8	August-06		41,667	37,500	5,834	33,333	20,833	139,167	8
9	September-06		41,667	37,500	5,833	33,334	20,833	139,167	9
10	October-06		41,667	37,500	5,833	33,333	20,833	139,166	10
11	November-06		41,667	37,500	5,833	33,333	20,834	139,167	11
12	December-06		41,666	37,500	5,833	33,334	20,834	139,167	12
13	Total	\$ 125,000	\$ 500,000	\$ 225,000	\$ 35,000	\$ 200,000	\$ 125,000	\$ 1,210,000	13

SOUTHWEST GAS CORPORATION  
 ARIZONA  
 VOLUMES APPLICABLE TO DSM SURCHARGE

Line No.	Month/Year (a)	Actual DSM Volumes (b)	Total Actual Arizona Volumes (c)	% (d)	Line No.
1	May-06	40,728,642	48,510,332	83.96%	1
2	June-06	35,020,719	47,529,856	73.68%	2
3	July-06	31,363,975	45,751,764	68.55%	3
4	August-06	31,565,791	43,451,557	72.65%	4
5	September-06	32,405,707	40,893,866	79.24%	5
6	October-06	35,709,014	45,423,041	78.61%	6
7	November-06	46,501,444	53,654,296	86.67%	7
8	December-06	81,184,854	87,460,056	92.83%	8
9	8 Month Subtotal	<u>334,480,146</u>	<u>412,674,768</u>	<u>81.05%</u>	9
		Calculated DSM Volumes col. (c), Lines 10-13 X col. (d)		Weighted Nov/Dec %	
10	January-06	88,633,387	97,954,465	90.48%	10
11	February-06	79,232,673	87,565,130	90.48%	11
12	March-06	70,800,049	78,245,694	90.48%	12
13	April-06	<u>59,585,176</u>	<u>65,851,416</u>	<u>90.48%</u>	13
14	4 Month Subtotal	<u>298,251,285</u>	<u>329,616,705</u>	<u>90.48%</u>	14
15	Annual Total	<u><u>632,731,431</u></u>	<u><u>742,291,473</u></u>	<u><u>85.24%</u></u>	15