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In accordance with NRS Chapter 719,  
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agent or  
representative of the signer(s) and  
Southwest Gas Corporation

**SOUTHWEST GAS CORPORATION**

**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF NEVADA**

In the Matter of the Application of  
Southwest Gas Corporation for Authority  
to Increase its Retail Natural Gas Utility  
Service Rates in its Southern and Northern  
Nevada Rate Jurisdictions

Docket No. 21-08\_\_\_\_\_

**VOLUME 1 of xx**

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## Transmittal Letter

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# **SOUTHWEST GAS CORPORATION**

August 31, 2021

Ms. Trisha Osborne  
Assistant Commission Secretary  
Public Utilities Commission of Nevada  
1150 East William Street  
Carson City, NV 89701-3109

Re: In the Matter of the Application of Southwest Gas Corporation for Authority to Increase its Retail Natural Gas Utility Service Rates in its Southern and Northern Nevada Rate Jurisdictions

Dear Ms. Osborne:

Southwest Gas Corporation (Southwest Gas or Company) herewith submits for electronic filing its general rate application (Application) requesting approval of an increase in its retail natural gas utility service rates in its Southern and Northern Nevada rate jurisdictions. The Application is comprised of XXX volumes.

Ordering Paragraph 7 of the Commission's Order in Docket No. 20-02023 directed the Company to file a ledger of certain expenses in its next general rate case. The Commission further directed that, "[t]he ledger must be filed as a separate volume in Southwest Gas Corporation's next general rate case and updated in the Certification Filing." In compliance with this directive, the ledger is provided as the last volume of this filing and is supported by Company witness Amy L. Timperley.

The entire filing consists of the following:

- |          |  |
|----------|--|
| Volume 1 | Transmittal Letter and Application   |
| Volume 2 | Supporting Statements and Schedules for Southern Nevada  |
| Volume 3 | Supporting Statements and Schedules for Northern Nevada  |
| Volume 4 | Prepared Direct Testimony of Amy L. Timperley  |
| Volume 5 | Prepared Direct Testimony of Christopher M. Brown, Michelle L. Ansani, Randi L. Cunningham, William Brincefield, Frederica Harvey, Preston Weaklend, Lisa McRae, Nick Y. Liu, Byron C. Williams, Gregory K. Waller |
| Volume 6 | Prepared Direct Testimony of Dylan W. D'Ascendis, Carla Ayala, Timothy Lyons, Raied N. Stanley   |



Volume 7-12	Prepared Direct Testimony of Matthew A. Helmers
Volume 13-29	Prepared Direct Testimony of Thomas W. Cardin
Volume 30	Workpapers for Southern Nevada
Volume 31	Workpapers for Southern Nevada (continued)
Volume 32	Workpapers for Northern Nevada
Volume 33	Workpapers for Northern Nevada (continued)
Volume 34	Ledger of Certain Company Expenses

The workpapers in support of the Application are also being provided to Regulatory Operations Staff (Staff) of the Public Utilities Commission of Nevada and the Bureau of Consumer Protection (BCP).

Pursuant to NAC 703.2208, Southwest Gas is also providing responses to the Nevada Master Data Request to Staff and BCP.

The prepared direct testimony of Company witness Frederica Harvey contains attachments that are confidential, proprietary, and commercially sensitive to Southwest Gas, and are hereby designated as such pursuant to Nevada Revised Statute 703.196 and Nevada Administrative Code 703.5274. Pursuant to NAC 703.5274(1), one unredacted copy is being filed with the Commission Secretary herewith in a separate envelope. Pursuant to NAC 703.5274(2), Southwest Gas hereby requests that the above-described information not be disclosed to the public. The confidential attachment contains information that, if made public, would negatively impact Southwest Gas. The Company requests that this information remain confidential for a period of three years following a final decision from the Commission on this Application.

Respectfully submitted,

Christopher Brown  
Director/Regulation & Energy Efficiency

Enclosure

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(Identifying each volume and its contents)

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## Application

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8 Las Vegas, NV 89113  
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10 **PUBLIC UTILITIES COMMISSION OF NEVADA**

11  
12  
13 In the Matter of the Application of  
14 Southwest Gas Corporation for Authority to  
15 Increase its Retail Natural Gas Utility  
Nevada Rate Jurisdictions.

Docket No.: 21-08\_\_\_\_

16 **GENERAL RATE APPLICATION OF SOUTHWEST GAS CORPORATION**

17 Southwest Gas Corporation (Southwest Gas or Company) hereby submits its  
18 Application to the Public Utilities Commission of Nevada (Commission) requesting approval of  
19 an increase in its retail natural gas utility service rates in its Southern and Northern Nevada  
20 rate jurisdictions (Application). Southwest Gas' request includes a statewide annual general  
21 rate increase of approximately \$30.5 M to account for changes in the cost of service since the  
22 Company's last general rate case.

23 Southwest Gas also seeks to continue its general revenues decoupling methodology  
24 pursuant to NAC 704.9716(5). The Application further requests approval of the Company's  
25 proposed revisions to Nevada Gas Tariff No. 7, including clarifying changes to Rule Nos. 1  
26 and 16.

27 This Application is based upon and supported by the material facts, points and  
28 authorities, and all other information contained herein; supporting testimony and schedules

1 submitted herewith; and such other matters presented to the Commission at the time of any  
2 hearing. In support of its Application, Southwest Gas states as follows:

3 **1. Applicant.**

4 **1.1.** Southwest Gas is a corporation qualified to transact business and is in good  
5 standing under the laws of the state of Nevada.

6 **1.2.** Southwest Gas' corporate offices are located at 8360 South Durango Drive, Las  
7 Vegas, Nevada 89113.

8 **1.3.** Southwest Gas is a public utility subject to the jurisdiction of the Commission  
9 pursuant to Chapter 704 of the Nevada Revised Statutes (NRS). Southwest Gas is engaged  
10 in the retail transmission, distribution, transportation, and sale of natural gas for domestic,  
11 commercial, agricultural, and industrial uses. Southwest Gas currently serves approximately  
12 2 million customers in the states of Nevada, Arizona, and California.

13 **1.4.** Communications regarding this Application should be addressed to:

14 Kyle O. Stephens, Esq.  
15 Managing Counsel  
16 Southwest Gas Corporation  
17 P.O. Box 98510  
18 Las Vegas, Nevada 89193-8510  
19 Telephone: (702) 876-7293  
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24  
25 **2. Authority.**

26 **2.1** Southwest Gas submits this Application pursuant to sections 704.001, 704.061  
27 et seq., and 704.992 of the NRS; and all applicable sections of Chapters 703 and 704 of the  
28 Nevada Administrative Code (NAC), including, but not limited to, sections 703.115, 703.2201

1 et seq., 703.530 et seq., and 703.710 of Chapter 703, and all amendments thereto; and  
2 sections 704.640 et seq., 704.6502 et seq., 704.6671 et seq., 704.9702 et seq., 704.796 et  
3 seq., and 704.9716.

4 **2.2** This Application and accompanying exhibits, include material facts the  
5 Company is prepared to prove to meet its burden of proof that all expenses, investments, or  
6 costs presented for recovery were reasonably and prudently incurred. The Company is  
7 prepared to go forward at a hearing on the data and evidence which it has or will submit  
8 through the course of this proceeding that satisfies the burden of proof of establishing that the  
9 Company's proposed changes are just and reasonable and not unduly discriminatory or  
10 preferential.

11 **3. Brief Overview of Application.**

12 **3.1** Southwest Gas' request for a revenue increase is necessary to maintain and  
13 provide safe and reliable service to its customers. Southwest Gas' Application includes  
14 proposals it believes are necessary for the provision of safe and reliable service at reasonable  
15 rates.

16 **3.2** Southwest Gas requests authorization to increase general rates to recover  
17 annual revenues of approximately \$26,107,441 or approximately 5.60 percent in Southern  
18 Nevada. This increase includes \$24,471,385 to recover the revenue deficiency and  
19 \$1,636,056 related to a proposed revenue adjustment. In Northern Nevada, Southwest Gas  
20 requests authorization to increase general rates approximately \$4,410,510 or approximately  
21 3.81 percent. The increase includes \$4,442,315 to recover the revenue deficiency and the  
22 return of \$30,775 related to a proposed revenue adjustment.

23 **3.3** Southwest Gas' revenue deficiencies in its Southern and Northern Nevada rate  
24 jurisdictions are based on a requested return on equity (ROE) of 9.90 percent.

25 **3.4** In addition to Southwest Gas' request for authority to increase its retail natural  
26 gas rates, the Company requests authority pursuant to NAC 704.9716 to continue the general  
27 revenues decoupling methodology in the form of the General Revenues Adjustment ("GRA")  
28

1 provision approved in Docket Nos. 09-04003, 12-04005, 18-05031, and 20-02023 and to  
2 include Schedule No. SG/NG-4 in the adjustment mechanism.

3 **3.5** In compliance with NAC 704.7984, the Company submits for inclusion in  
4 general rates, the revenue requirement associated with gas infrastructure replacement (“GIR”)  
5 projects that have been approved for inclusion in the GIR Mechanism. The Company also  
6 seeks a determination of prudence for the GIR projects.

7 **3.6** In compliance with NAC 704.9757, the Company submits for inclusion in  
8 general rates, the revenue requirement associated with its Mesquite Expansion Project that  
9 previously approved by the Commission. The Company also seeks a determination of  
10 prudence for the Mesquite Expansion Project.

11 **4. Request for Authority to Increase Rates – NRS 704.110**

12 **4.1** Southwest Gas hereby requests authority to increase its Southern Nevada and  
13 Northern Nevada retail natural gas utility service rates to recover additional annual revenues  
14 of \$24,471,385 in Southern Nevada to produce the Company’s requested 6.57 percent rate of  
15 return, and to recover additional annual revenues of \$4,442,315 in Northern Nevada to  
16 produce the requested 6.82 percent rate of return.

17 **4.2** Southwest Gas’ request is based upon a historic test period ended May 31,  
18 2021, adjusted for changes in revenues and expenses, including its cost of capital, that are  
19 known and are measurable with reasonable accuracy and which will become effective within  
20 6 months after the last month of the test period.

21 **4.3** Southwest Gas’ requested revenue increase is based on a ROE of 9.90 percent  
22 relative to the Company’s target capital structure consisting of an equity ratio of 51.00 percent.  
23 Southwest Gas submits that the recommended ROE represents a conservative estimate of  
24 investor expectations given the existing financial market conditions. Company witness, Dylan  
25 W. D’Ascendis, sponsors Prepared Direct Testimony regarding Southwest Gas’ cost of capital.

26 *Tariff Changes – NAC 703.2211 (1) and (2)*

27 **4.4** Southwest Gas proposes the following changes to its Nevada Gas Tariff: (1)  
28 modifications to Rule No. 1 (Definitions) of its Tariff to include definitions for certain terms,

1 delete definitions for terms that are not used in the Tariff, and create additional consistency  
2 throughout the Tariff; and (2) clarifying changes to Rule No. 16 (Facilities on Customer's  
3 Premises) to reflect the consistent use of certain terminology and more clearly define  
4 the Company's responsibilities versus those of its customers. Moreover, in compliance with  
5 Commission's order in Docket No. 19-02024, the Company proposes changes to the Anti-  
6 Bypass Rate section of its Schedule No. ST-1/NT-1 to align with the recently adopted  
7 temporary regulations. These proposed Tariff changes are discussed in the Prepared Direct  
8 Testimony of Company witness Christopher M. Brown.

9 **4.5** A copy of Southwest Gas' proposed Nevada Gas Tariff No. 7, inclusive of the  
10 proposed rates, fares, and rules is attached hereto as Exhibit 1.

11 **4.6** A copy of Southwest Gas' existing Nevada Gas Tariff No. 7, inclusive of the  
12 rates, fares, and rules that will be superseded by the proposed changes is attached hereto as  
13 Exhibit 2.

14 *Circumstances and Conditions Justifying Proposed Changes – NAC 703.2211(3)*

15 **4.7** Southwest Gas' existing rates and charges do not provide Southwest Gas with  
16 sufficient revenue to allow it a fair and reasonable return on its investment. As reflected in the  
17 supporting schedules of Company witness Gregory K. Waller, Southwest Gas' overall rate of  
18 return for the test year, as adjusted, was 5.60 and 5.61 for Southern and Northern Nevada,  
19 respectively.

20 **4.8** There are four primary circumstances and conditions justifying Southwest Gas'  
21 need for rate relief in this proceeding: 1) a change in the cost of capital; 2) updating costs  
22 related to capital investments;<sup>1</sup> 3) incremental operations & maintenance (O&M) expense  
23 related to the Customer Data Modernization Initiative (CDMI); and 4) the regulatory asset  
24 related to the COVID-19 pandemic. These are described in further detail in the Prepared  
25 Direct Testimony of Company witness Amy L. Timperley.

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27  
28 <sup>1</sup> Includes Gas Infrastructure Replacement Projects, service expansion to Mesquite, Nevada and the  
Customer Data Modernization Initiative.

1           **4.9**     Third, the Company’s rates need to be reset to account for capital investments  
2 and changes in expenses related to, operations and maintenance, wages, benefits, and  
3 inflation. Company witness Gregory K. Waller sponsors Prepared Direct Testimony detailing  
4 the Company’s results of operations and revenue deficiency.

5           **4.10**   Fourth, rates also need to be adjusted to reflect updated customer counts and  
6 customer volumes. Company witness Carla Ayala sponsors Prepared Direct Testimony  
7 detailing the recorded number of bills and therms, and changes in customer counts and  
8 volumes since the Company’s last general rate case.

9           **4.11**   Southwest Gas’ current rates and charges are not sufficient to provide  
10 Southwest Gas with a reasonable opportunity to earn a fair and reasonable rate of return on  
11 its investment in order to attract the capital necessary to ensure the continuation of reliable  
12 service to present and future customers at reasonable rates. Additional details regarding the  
13 circumstances and conditions justifying Southwest Gas’ proposals are set forth in detail in the  
14 supporting testimony and statements and schedules accompanying this Application.

15           *Certification Period - NRS 704.110(3) and NAC 703.2211(4)*

16           **4.12**   Consistent with NRS 704.110, Southwest Gas is utilizing a certification period  
17 in this Application that extends to November 30, 2021. NRS 704.110(3) provides, in pertinent  
18 part, that the Commission shall consider evidence in support of the increased rates based  
19 upon a 12-month test period, adjusted for increases in revenues and expenses that “are known  
20 and are measurable with reasonable accuracy at the time of filing and which will become  
21 effective within 6 months” after the last month of the test period. Additional details justifying  
22 Southwest Gas’ proposed certification adjustments are set forth in the supporting testimony  
23 and statements and schedules accompanying this Application. Southwest Gas submits that  
24 the proposed certification adjustments are known and measurable with reasonable accuracy  
25 and will become effective within 6 months after the test period, or November 30, 2021.

26           **4.13**   Southwest Gas requests that the Commission consider Southwest Gas’  
27 certification period adjustments as evidence in establishing just and reasonable rates in this  
28

1 proceeding, so that the rates approved by the Commission better reflect costs expected to be  
2 incurred by the Company during the rate-effective period.

3 Prior Commission Proceedings - NAC 703.2211(5)

4 **4.14** Attached hereto as Exhibit 3 is a list of prior proceedings that based upon  
5 Southwest Gas' information and belief have been held before the Commission since the  
6 effective date of rates in the Company's last general rate application and may be related to  
7 one of more of the proposals contained in the current Application.

8 **5. Request to Continue General Revenues Adjustment Mechanism**

9 **5.1** Southwest Gas requests authority, pursuant to NAC 704.9716, to include  
10 Schedule No. SG/NG-4 in the General Revenues Adjustment Mechanism and to continue the  
11 general revenues decoupling methodology approved in Docket Nos. 09-04003, 12-04005, 18-  
12 05031, and 20-02023. The GRA provision has performed as designed, has benefited  
13 customers by providing credits during times of colder-than-normal weather, and has ensured  
14 the Company has recovered no more or less than its Commission-authorized revenues.  
15 Southwest Gas' request to continue the GRA is discussed in greater detail in the Prepared  
16 Direct Testimony of Company witness Timothy S. Lyons.

17 **6. Gas Infrastructure Replacement Mechanism and Mesquite Expansion Project**

18 **6.1** NAC 704.7984 requires Southwest Gas to seek a determination of prudence in  
19 the first general rate case following completion of a GIR project. Since the Company's last  
20 general rate case, Southwest Gas has completed certain GIR projects and included the  
21 recorded costs of those projects into the GIR mechanism.

22 **6.2** Southwest Gas seeks a determination that the GIR project costs are prudent  
23 and requests approval to include the costs associated with approved GIR projects into the  
24 Company's rate base and general rates. Company witnesses Thomas W. Cardin and Matthew  
25 A. Helmers each provide Prepared Direct Testimony that discusses these costs and sponsor  
26 the documents requested through NAC 704.7984(2).

27 **6.3** Southwest Gas seeks a determination that the Mesquite Expansion Project  
28 costs are prudent and requests approval to include the costs associated with the Mesquite



1 Expansion Project into the Company's rate base and general rates. Company witness  
2 Thomas W. Cardin provides Prepared Direct Testimony that discusses these costs and  
3 sponsors the documents evidencing Mesquite Expansion Project costs.

4 **7. Miscellaneous Items**

5 Rate Spread

6 **7.1** The Company is proposing to allocate the revenue increase to customer classes  
7 based upon a cost-of-service study included with this Application. The proposed rate spread  
8 is designed to reflect cost-of-service results, while balancing the impact of the rate change  
9 across customer classes. The rate spread methodology is consistent with the Company's  
10 results of the cost-of-service study, provides rate continuity and its existing non-recourse rate  
11 designs approved in Docket No. 20-02023.

12 **7.2** The table below summarizes the proposed increase/decrease based upon the  
13 proposed price changes from each listed customer class inclusive of the revenue requirement  
14 related to the inclusion of the GIR and Mesquite Expansion projects in rate base.

15  
16

<b>Proposed Change in Average Monthly Bill</b>		
	<b>Southern Nevada</b>	<b>Northern Nevada</b>
<b>Customer Class</b>		
Single-Family Residential	\$3.39	\$3.49
Multi-Family Residential	\$1.45	\$2.49
General Gas Service – 1	\$2.02	\$5.85
General Gas Service – 2	\$9.56	\$16.59
General Gas Service – 3	\$72.18	\$258.33
General Gas Service – 4	\$430.99	\$-(454.13)

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24 Rate Design

25 **7.3** Southwest Gas designed its proposed rates to accomplish three objectives: (a)  
26 rates should recover the overall cost of providing service; (b) rates should be fair, minimizing  
27 inequities to maximum the extent possible; and (c) rate changes should be tempered by rate  
28

1 continuity concerns. Southwest Gas submits that these objectives are in harmony with its  
2 GRA provision and will benefit Southwest Gas' customers during the continuance of the GRA  
3 provision.

4 **7.4** The Company is proposing to maintain the currently effective residential rate  
5 structure, a monthly basic service charge (BSC) and a per therm usage charge, with no  
6 changes in the BSC amounts. The Company is proposing updated delivery charges for  
7 customers consistent with the cost of service.

8 Notice of Intent and Meeting with Consumer's Advocate and Commission Staff – NAC  
9 703.2207 and 703.2209

10 **7.5** Pursuant to NAC 703.2207, Southwest Gas provided written notice of its intent  
11 to file a general rate application to the Secretary of the Commission, the staff of the  
12 Commission assigned to regulatory operations, and the Bureau of Consumer Protection. The  
13 notice was sent June 28, 2021, at least 60 days before the anticipated date for filing the  
14 general rate application and contained a list of the components on which Southwest Gas  
15 expected to base its application for adjustments in rates.

16 **7.6** Pursuant to NAC 703.2209, Southwest Gas also met with representatives from  
17 the Regulatory Operations Staff of the Commission (Staff) and the Bureau of Consumer  
18 Protection on August 4, 2021, at least 20 days prior to the anticipated date of filing this  
19 Application.

20 Master Document for the Request of Data – NAC 703.2208

21 **7.7** As contemplated by NAC 703.2208, simultaneous with service of this  
22 Application, Southwest Gas is submitting a master document for the request of data, together  
23 with answers to the questions contained in the master document, to the Bureau of Consumer  
24 Protection and the Regulatory Operations Staff of the Commission. Portions of the answers  
25 to the master document for the request of data will be submitted after Southwest Gas and the  
26 requesting parties make mutually acceptable arrangements for the exchange of the  
27 information.

