

PUBLIC UTILITIES COMMISSION  
505 Van Ness Avenue  
San Francisco CA 94102-3298



**Southwest Gas Corporation**  
**GAS (Corp ID 905)**  
**Status of Advice Letter 1317G**  
**As of March 14, 2025**

Subject: Notification of Election to Adopt of Tax Accounting Changes Related to Gas Utility Industry Tax Repairs

Division Assigned: Energy

Date Filed: 12-06-2024

Date to Calendar: 12-11-2024

Authorizing Documents: D1706006

<b>Disposition:</b>	<b>Accepted</b>
<b>Effective Date:</b>	<b>12-06-2024</b>

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)

AL Certificate Contact Information:

Valerie J. Ontiveroz

(702) 876-7323

[valerie.ontiveroz@swgas.com](mailto:valerie.ontiveroz@swgas.com)

**PUBLIC UTILITIES COMMISSION**  
505 Van Ness Avenue  
San Francisco CA 94102-3298



To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

- Advice Letter Number
- Name of Filer
- CPUC Corporate ID number of Filer
- Subject of Filing
- Date Filed
- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
- Effective Date of Filing
- Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to  
**[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)**



# SOUTHWEST GAS CORPORATION

December 6, 2024

**Advice Letter No. 1317-G**

(U 905 G)

Public Utilities Commission of the State of California

**Subject: Notification of Election to Adopt Tax Accounting Changes Related to Gas Utility Industry Tax Repairs**

**Purpose**

The purpose of this Advice Letter is for Southwest Gas Corporation (Southwest Gas) to notify the Commission of tax related accounting changes pursuant to Southwest Gas' Tax Memorandum Account Preliminary Statement (PS) 29 in its Gas Tariff. There are no tariff sheets associated with this submission.

**Background**

In April 2023, the Internal Revenue Service (IRS) released Revenue Procedure 2023-15 (Rev. Proc. 2023-15), related to gas industry tax repairs. Rev. Proc. 2023-15 provides a safe harbor method of accounting that taxpayers may use to determine whether expenditures to repair, maintain, replace, or improve natural gas transmission or distribution property must be treated as capitalized, or deducted in the period incurred, for tax purposes.

On September 6, 2024, Southwest Gas filed its Test Year 2026 General Rate Case (Application (A.) 24-09-001). In the Application, Southwest Gas explained that it was analyzing this revenue procedure to determine the potential impact and whether to adopt the optional tax accounting method and the associated IRC Section 481(a) adjustment. Southwest Gas noted:

*Should Southwest Gas elect the natural gas safe harbor, the Company will submit a Tier 2 advice letter within 30 days following the earliest of the following initial disclosures to inform the Commission of its election:*

1. Quarterly 10-Q filing with the SEC;
2. Annual 10-K filing with the SEC; or
3. The filing of the federal income tax return in which the election is made.<sup>1</sup>

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<sup>1</sup> Prepared Direct Testimony of Byron C. Williams in A.24-09-001. A copy of the testimony may be found here: <https://www.swgas.com/1409221531906/Application-24-09--of-Southwest-Gas-Corporation--U-905-G--Volume-III--Testimony.pdf>.



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Additionally, pursuant to Southwest Gas' Tariff PS 29 – Tax Memorandum Account:

*The Company will timely notify the Commission of any tax-related changes, including tax-related accounting changes, or tax-related procedural changes that materially affect, or may materially affect, revenues and any revenue differences if applicable. A "material affect" means a potential increase or decrease of \$3 million or more to the Company's California jurisdictions.<sup>2</sup>*

On November 6, 2024, Southwest Gas filed its third quarter 2024 Form 10-Q with the U.S. Securities and Exchange Commission wherein the Company disclosed its intention to adopt the change in tax accounting method (as described in Rev. Proc. 2023-15) with its 2024 U.S. Federal Income Tax Return filing, which will be filed by October 2025. The effects of this change in method were reflected in the third quarter 2024 financial statements.

**Commission Notification of Election of Tax Repairs Accounting Change Per IRS Rev. Proc. 2023-15**

As noted above, Southwest Gas has disclosed its intention to adopt the change in tax accounting method in relation to tax repairs with its 2024 U.S. Federal Income Tax Return filing and will address the revenue impacts in its Test Year 2026 General Rate Case, A.24-09-001.

This submission will not increase any current rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

**Effective Date**

Pursuant to General Order (GO) 96-B, this Advice Letter is classified as Tier 1 (Effective Pending Disposition). Additionally, Southwest Gas advertently noted in A.24-09-001 that a Tier 2 Advice Letter would be submitted; yet believes a Tier 1 Advice Letter is appropriate since this Advice Letter is being made in compliance with its tariff PS 29 – Tax Memorandum Account to notify the Commission of its tax-related accounting changes. Any relief sought will be addressed in A.24-09-001. Therefore, Southwest Gas respectfully requests that this Advice Letter be made effective December 6, 2024, which is the date submitted.

**Protest**

Anyone may protest this Advice Letter to the Commission's Energy Division. The protest must state the grounds upon which it is based with specificity and must be sent no later than 20 days after the date of this Advice Letter submission. Protests are to be submitted electronically to the Commission's Energy Division at:

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<sup>2</sup> A copy of the PS 29 – Tax Memorandum Account may be found here:

[https://www.swgas.com/1409184639108/Preliminary-Statement---AL-1280\\_2024-NLTL\\_Eff-Feb-01-2024.pdf](https://www.swgas.com/1409184639108/Preliminary-Statement---AL-1280_2024-NLTL_Eff-Feb-01-2024.pdf).



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Email: [edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)

In addition, protests and all other correspondence regarding this Advice Letter should be sent electronically to:

Ms. Valerie J. Ontiveroz  
Regulatory Manager/California  
Email: [valerie.ontiveroz@swgas.com](mailto:valerie.ontiveroz@swgas.com)  
[regserve@swgas.com](mailto:regserve@swgas.com)

### **Notice**

Southwest Gas is exempt from the notice requirements set forth in General Rule 4.2 in GO 96-B since this Advice Letter is submitted in compliance PS 29 – Tax Memorandum Account and will not result in higher rates or charges, or more restrictive terms or conditions, than those currently in effect.

### **Service**

In accordance with GO 96-B, General Rule 7.2, Southwest Gas is serving copies of this Advice Letter to interested parties shown on the attached list.

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By:   
Valerie J. Ontiveroz

Attachments

**Distribution List**

Advice Letter No. 1317-G

In conformance with GO 96-B, General Rule 4.3

The following individuals or entities have been served by electronic mail:

Linda Serizawa, Interim Director  
Public Advocates Office  
California Public Utilities Commission  
[Linda.Serizawa@cpuc.ca.gov](mailto:Linda.Serizawa@cpuc.ca.gov)

Pacific Gas & Electric Company  
[PGETariffs@pge.com](mailto:PGETariffs@pge.com)

Southern California Gas Company  
[GLenart@socalgas.com](mailto:GLenart@socalgas.com)  
[Tariffs@socalgas.com](mailto:Tariffs@socalgas.com)

San Diego Gas & Electric Company  
[SDG&ETariffs@SemptraUtilities.com](mailto:SDG&ETariffs@SemptraUtilities.com)

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California Public Utilities Commission  
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Nathaniel Skinner  
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Scott Blaising  
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Jim Mosher  
[copperbeechllc@gmail.com](mailto:copperbeechllc@gmail.com)



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.:

Utility type:

☐ ELC ☐ GAS ☐ WATER  
☐ PLC ☐ HEAT

Contact Person:

Phone #:

E-mail:

E-mail Disposition Notice to:

### EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type: ☐ Monthly ☐ Quarterly ☐ Annual ☐ One-Time ☐ Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? ☐ Yes ☐ No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? ☐ Yes ☐ No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets:

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name:  
Title:  
Utility Name:  
Address:  
City: State:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

Name:  
Title:  
Utility Name:  
Address:  
City: State:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:



## ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtailable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	