

**BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA**

Application of Southwest Gas Corporation for )  
authority to establish the Accumulated Deferred )  
Interest rate in Southern Nevada pursuant to the )  
Variable Interest Expense Recovery mechanism, )  
Unrecovered Gas Cost Expense rates, system )  
shrinkage rates, excess Imbalance Commodity and ) Docket No. 23-11017  
Reservation Charges, Renewable Energy Program )  
Rates, General Revenues Adjustment rates, )  
Conservation and Energy Efficiency rates, Mesquite )  
Infrastructure Expansion Rates, Spring Creek )  
Infrastructure Expansion Rates, and Contract )  
Transition Adjustment Provision rate. )  
\_\_\_\_\_ )

At a general session of the Public Utilities  
Commission of Nevada, held at its offices  
on May 1, 2024.

PRESENT: Chair Hayley Williamson  
Commissioner Tammy Cordova  
Commissioner Randy J. Brown  
Assistant Commission Secretary Trisha Osborne

**ORDER**

The Public Utilities Commission of Nevada (“Commission”) makes the following  
findings of fact and conclusions of law:

**I. INTRODUCTION**

On November 27, 2023, Southwest Gas Corporation (“Southwest Gas”) filed with the Public Utilities Commission of Nevada (“Commission”) an application, designated as Docket No. 23-11017 (the “Application”), for authority to establish the Accumulated Deferred Interest (“ADI”) rate in Southern Nevada pursuant to the Variable Interest Expense Recovery mechanism, Unrecovered Gas Cost Expense (“UGCE”) rates, system shrinkage rates, excess Imbalance Commodity and Reservation Charges, Renewable Energy Program Rates, General Revenues Adjustment (“GRA”) rates, Conservation and Energy Efficiency (“CEE”) rates, Mesquite Infrastructure Expansion Rates, Spring Creek Infrastructure Expansion Rates, and Contract Transition Adjustment Provision (“CTAP”) rate.

On April 16, 2024, Southwest Gas, the Nevada Bureau of Consumer Protection (“BCP”) and the Regulatory Operations Staff of the Commission (“Staff”) (collectively, the “Signatories”) filed a partially stipulated agreement (“Stipulation”) resolving most issues in this Docket.

## II. SUMMARY

The Commission accepts the Stipulation, attached as Attachment A, and partially grants Southwest Gas's Application in this Docket as modified by the Stipulation.

## III. PROCEDURAL HISTORY

- On November 16, 2023, Southwest Gas filed with the Commission the Application. It was not accepted for docketing until an amendment was filed on November 27, 2023.
- Southwest Gas filed the Application pursuant to the Nevada Revised Statutes ("NRS") and the Nevada Administrative Code ("NAC") Chapters 703 and 704, including, but not limited to, NRS 704.110 and NAC 701B.245, 703.535, 704.116, and 704.953 through 704.9718.
- Staff participates as a matter of right pursuant to NRS 703.301.
- On November 27, 2023, Southwest Gas filed an amendment to its Application.
- On November 29, 2023, BCP filed a Notice of Intent to Intervene pursuant to Chapter 228 of the NRS.
- On December 11, 2023, the Commission issued a Notice of Application and Notice of Prehearing Conference.
- On January 9, 2024, the Presiding Officer held a prehearing conference. The Signatories made appearances. A procedural schedule and discovery procedures were discussed.
- On January 16, 2024, the Presiding Officer issued a Procedural Order containing discovery and hearing dates.
- On April 8, 2024, Southwest Gas filed an amendment to its Application.
- On April 9, 2024, the Presiding Officer held a continued prehearing conference. The Signatories made appearances. A partial stipulation was discussed, and the prehearing conference was continued.
- On April 16, 2024, the Signatories filed the Stipulation.
- On April 17, 2024, the Presiding Officer held a continued prehearing conference. The Signatories appeared and presented the Stipulation that resolved all but two issues in this Docket.

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#### IV. STIPULATION

##### Signatories' Position

1. The Signatories agree that the Stipulation resolves all issues in this Docket, with the exception of the issues of whether Southwest Gas's recorded costs of natural gas included in the Application were reasonable and prudent, and whether Southwest Gas was prudent in its administration of the CTAP regulatory asset / liability account in the Southern Nevada rate jurisdiction. (Stipulation at 3-4.) The Signatories request that the Commission approve the rates set forth in the Stipulation with an effective date of May 1, 2024, instead of July 1, 2024. (*Id.* at 6.) The Signatories agree that the overall effect of the rate changes set forth in the Stipulation is a decrease in annualized revenues of approximately \$7,217,839.00 or 0.67 percent in Southern Nevada, and a decrease in annualized revenues of approximately \$4,186,351.00, or 1.74 percent in Northern Nevada. (*Id.*) The Signatories agree that these numbers do not include the unsettled CTAP balance and rates. (*Id.* at 5-6.)

2. The Signatories agree that Southwest Gas met the compliance obligations set forth in the Commission's Order in Docket No. 22-11017. (*Id.* at 3.)

3. The Signatories agree that Southwest Gas's Southern Nevada ADI rate should increase 0.01382 per therm from its current rate of (0.00504) per therm to 0.00878 per therm. (*Id.*)

4. The Signatories agree that Southwest Gas will transfer the CTAP regulatory liability of \$10,500.00 into the Northern Nevada rate jurisdiction to the Northern Nevada deferred energy account to refund that credit balance to its Northern Nevada customers. (*Id.* at 4.)

5. The Signatories agree that Southwest Gas's proposed UGCE rates of \$0.00996 per therm in Southern Nevada and \$0.00877 per therm in Northern Nevada should be approved.

*(Id.)*

6. The Signatories agree that Southwest Gas's proposed shrinkage rates of \$0.00015 per therm for high pressure service transportation customers and \$0.00434 per therm for low pressure service transportation customers in Southern Nevada should be approved. *(Id.)*

7. The Signatories agree that Southwest Gas's proposed shrinkage rate of \$0.00345 per therm for its Northern Nevada transportation customers should be approved. *(Id.)*

8. The Signatories agree that Southwest Gas's proposed Imbalance Commodity and Reservation Charges for Southern Nevada transportation customers of \$1.17671 per therm and \$0.03652 per therm, respectively, should be approved. *(Id.)*

9. The Signatories agree that Southwest Gas's proposed Imbalance Commodity and Reservation Charges for Northern Nevada transportation customers of \$1.14588 per therm and \$0.31699 per therm, respectively, should be approved. *(Id.)*

10. The Signatories agree that Southwest Gas's proposed GRA rates for the G-RS single-family residential gas service, G-RM multi-family residential gas service, and G-1, G-2, G-3, and G-4 general gas service rate schedules in both Southern Nevada and Northern Nevada, should be approved as shown in the table below:

Rate Schedule	Southern Nevada	Northern Nevada
Single-Family Residential Gas Service	\$(0.00597)	\$(0.04452)
Multi-Family Residential Gas Service	\$(0.01694)	\$(0.05180)
General Gas Service - 1	\$(0.10370)	\$(0.03568)
General Gas Service - 2	\$(0.02596)	\$(0.01462)

General Gas Service - 3	\$(0.03168)	\$0.03146
General Gas Service - 4	\$0.02134	\$0.00251

(*Id.* at 5.)

11. The Signatories agree that CEE rates of \$0.00252 per therm for Southern Nevada sale customers and \$(0.00104) per therm for Northern Nevada sales customers should be approved. (*Id.*)

12. The Signatories agree that Southwest Gas's infrastructure expansion rates ("IERs") of \$0.00126 per therm for the Southern Nevada rate jurisdiction and \$0.00340 per therm for the Mesquite Expansion Area should be approved. (*Id.*)

13. The Signatories further agree that Southwest Gas's current IERs for the Northern Nevada rate jurisdiction, Elko District, and Spring Creek Expansion area that were submitted in Docket No. 22-05032 are consistent with the IERs stipulated to in Docket No. 19-06017 shall be maintained for the rate effective period of this Application. (*Id.*)

14. The Signatories agree that Southwest Gas shall file with the Commission updated tariff sheets that reflect the above agreements of the Signatories, as a compliance item. (*Id.* at 6.)

### **Commission Discussion and Findings**

15. The Commission finds that the Stipulation complies with the requirements of NAC 703.845 in that it settles only issues relating to the instant proceeding and does not seek relief the Commission is not otherwise empowered to grant. The Stipulation is a consensus resolution of issues pursuant to the Signatories' negotiations and is a reasonable recommendation and resolution of the issues in this proceeding. Therefore, the Commission accepts the Stipulation.

16. All arguments of the Signatories raised in these proceedings not expressly addressed herein have been considered and either rejected or found to be non-essential for further discussion in this Order. Any agreements and recommendations contained in the Stipulation but not expressly addressed herein are either agreements by the Signatories regarding matters non-essential to the disposition of this Docket or are recommendations for specific findings that do not require delineation given the Commission's acceptance of the Stipulation and corresponding approval of the Application in Docket No. 23-11017.

17. The Commission will retain the procedural schedule as established in the January 16, 2024, Procedural Order to resolve the remaining issues in this Docket.

Therefore, it is ordered:

1. The Stipulation filed by Southwest Gas Corporation, the Nevada Bureau of Consumer Protection, and the Regulatory Operations Staff of the Public Utilities Commission of Nevada, attached as Attachment A, is accepted.

2. The Application filed by Southwest Gas Corporation in Docket No. 23-11017, is partially granted, as modified by the Stipulation.

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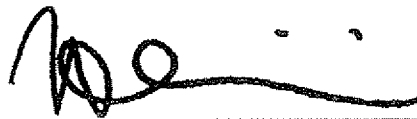
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**Compliances**

3. Within thirty (30) days of the issuance of this order, Southwest Gas Corporation shall file with the Public Utilities Commission of Nevada the revised rates and tariff sheets resulting from this Order. The Regulatory Operations Staff of the Public Utilities Commission of Nevada shall review those revised rates and tariff sheets to ensure that they are consistent with this Order.

By the Commission,




HAYLEY WILLIAMSON, Chair



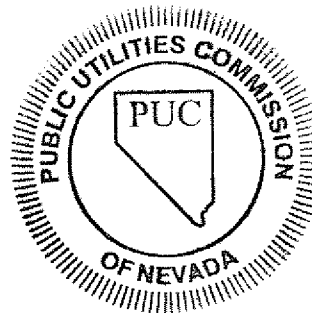
TAMMY CORDOVA, Commissioner



RANDY J. BROWN,  
Commissioner and Presiding Officer

Attest:   
TRISHA OSBORNE,  
Assistant Commission Secretary

Dated: Carson City, Nevada  
5/3/24  
(SEAL)



# ATTACHMENT A



1  
2 **BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA**

3 Annual Rate Adjustment Application of  
4 Southwest Gas Corporation for Authority to  
5 Adjust the Variable Interest Expense  
6 Recovery Mechanism Rates; Unrecovered  
7 Gas Cost Expense Rates; System Shrinkage  
8 Rates; Imbalance Commodity and  
9 Reservation Charges; Renewable Energy  
10 Program Rates; General Revenues  
11 Adjustment Rates; Conservation and Energy  
12 Efficiency Rates; Mesquite Infrastructure  
13 Expansion Rates; and Spring Creek  
14 Infrastructure Expansion Rates; and Contract  
15 Transition Adjustment Provision Rates.

Docket No: 23-11017

11 **STIPULATION**

12 This Stipulation and Agreement (Stipulation) is entered into by and between  
13 Southwest Gas Corporation (Southwest Gas or Company), the Regulatory Operations Staff  
14 (Staff) of the Public Utilities Commission of Nevada (Commission), and the Bureau of  
15 Consumer Protection (BCP) (collectively referred to as the Settlement Parties).

16 **INTRODUCTION**

17 1. On November 16, 2023<sup>1</sup>, Southwest Gas filed its Annual Rate Adjustment  
18 Application (ARA Application) for (1) Authority to Adjust the Accumulated Deferred Interest  
19 (ADI) Rate in the Southern Nevada rate jurisdiction pursuant to the Variable Interest  
20 Expense Recovery (VIER) Mechanism; (2) Unrecovered Gas Cost Expense (UGCE) Rates  
21 for sales customers; (3) system shrinkage rates for transportation customers (Shrinkage  
22 Rates); (4) Imbalance Commodity and Reservation Charges used to calculate  
23 transportation customer excess imbalance charges; (5) Renewable Energy Program Rates  
24 (6) General Revenues Adjustment (GRA) Rates; (7) Conservation and Energy Efficiency  
25 (CEE) Rates for sales customers; (8) Mesquite Infrastructure Expansion Rates (IERS) in

26 <sup>1</sup> The Company filed its ARA Application on November 15, 2023; however, it was not accepted by the Commission until November 16, 2023, due to an electronic filing format issue.

1 the Southern Nevada rate jurisdiction; (9) Spring Creek IERs in the Northern Nevada rate  
2 jurisdiction; and (10) Contract Transition Adjustment Provision (CTAP) Rates<sup>2</sup>, which is the  
3 subject of this Stipulation. The terms and conditions of this Stipulation are set forth herein.

4 2. The Settlement Parties agree that this Stipulation represents a reasonable  
5 compromise on certain issues in this proceeding and that this Stipulation is in the public  
6 interest. The Settlement Parties further represent that in accordance with Nevada  
7 Administrative Code (NAC) 703.845, this Stipulation settles only certain issues relating to  
8 the above-captioned proceeding and does not seek relief that the Commission is not  
9 otherwise empowered to grant. The Settlement Parties therefore recommend the  
10 Commission accept the Stipulation and implement all its terms and conditions.

#### 11 **RECITALS**

12 3. Southwest Gas' ARA Application seeks authority to establish: (1) the ADI  
13 Rate in the Southern Nevada rate jurisdiction pursuant to the VIER Mechanism; (2) UGCE  
14 Rates for sales customers; (3) Shrinkage Rates; (4) Imbalance Commodity and Reservation  
15 Charges used to calculate transportation customer excess imbalance charges; (5) GRA  
16 Rates; (6) CEE Rates for sales customers; (7) Mesquite IERs in the Southern Nevada rate  
17 jurisdiction; (8) Spring Creek IERs in the Northern Nevada rate jurisdiction; and (9) CTAP  
18 Rates. The Company further seeks an order: (i) finding that its gas procurement practices  
19 are reasonable; (ii) finding that its gas purchases were reasonable and prudent; and (iii)  
20 finding that during the applicable test period the transportation costs it first incurred, and its  
21 management and performance of its previously contracted resources, were reasonable and  
22 prudent.

23 4. Pursuant to Nevada Revised Statutes (NRS) 703.301, Staff participates in  
24 this proceeding as a matter of right.

25 <sup>2</sup> On April 8, 2024, Southwest Gas filed an Errata to its Application correcting the originally filed CTAP  
26 account balance for Southern Nevada. As a result of the Errata, the CTAP balance for Southern Nevada  
was changed from a regulatory asset of \$825,304 to a regulatory asset of \$585,134.

1           5.       Pursuant to NRS 228.360, BCP participates as a matter of right, and filed its  
2 Notice of Intent to Intervene on November 29, 2023.

3           6.       The Commission held a prehearing conference January 9, 2024. At the  
4 prehearing conference the parties agreed that a consumer session would not be required  
5 for this matter due to a net decrease in the annual gross operating revenue of the Company  
6 as set forth in the Company's ARA Application.

7           7.       The Commission held a continued prehearing conference on April 9, 2024,  
8 which was continued until April 17, 2024, to allow the parties additional time to prepare this  
9 Stipulation.

10          8.       The Settlement Parties have engaged in several discussions regarding  
11 Southwest Gas' ARA Application and have reached a compromise and agreement, on  
12 certain issues, which they believe are in the public interest.

13                                       **AGREEMENT**

14          9.       The issue of whether Southwest Gas' recorded costs of natural gas included  
15 in the ARA Application were reasonable or prudent will be resolved via a limited hearing on  
16 May 21, 2024. The Settlement Parties will file testimony and participate in the hearing  
17 pursuant to the schedule provided in the Procedural Order issued January 16, 2024.

18          10.      The Settlement Parties stipulate and agree that Southwest Gas met the  
19 compliance obligations set forth in the Commission's Order in Docket No. 22-11017.

20          11.      The Settlement Parties stipulate and agree that Southwest Gas' Southern  
21 Nevada ADI rate should increase 0.01382 per therm from its current rate of (0.00504) per  
22 therm to 0.00878 per therm.

23          12.      The issue of whether Southwest Gas was prudent in its administration of the  
24 CTAP regulatory asset / liability account in the Southern Nevada rate jurisdiction will be  
25 resolved via a limited hearing on May 21, 2024. The Settlement Parties will file testimony  
26

1 and participate in a hearing pursuant to the schedule provided in the Procedural Order  
2 issued January 16, 2024.

3 13. The Settlement Parties stipulate and agree that Southwest Gas transfer the  
4 CTAP regulatory liability of \$10,500 in the Northern Nevada rate jurisdiction to the Northern  
5 Nevada deferred energy account to refund that credit balance to its Northern Nevada  
6 customers.

7 14. The Settlement Parties further stipulate and agree that Southwest Gas'  
8 proposed UGCE Rates of \$0.00996 per therm in Southern Nevada and \$0.00877 per therm  
9 in Northern Nevada should be approved.<sup>3</sup>

10 15. The Settlement Parties further stipulate and agree that the Company's  
11 proposed Shrinkage Rates of \$0.00015 per therm for high pressure service transportation  
12 customers and \$0.00434 per therm for low pressure service transportation customers in  
13 Southern Nevada should be approved.

14 16. The Settlement Parties further stipulate and agree that Southwest Gas'  
15 proposed Shrinkage Rate of \$0.00345 per therm for its Northern Nevada transportation  
16 customers should be approved.

17 17. The Settlement Parties further stipulate and agree that Southwest Gas'  
18 proposed Imbalance Commodity and Reservation Charges for Southern Nevada  
19 transportation customers of \$1.17671 per therm and \$0.03652 per therm, respectively,  
20 should be approved.

21 18. The Settlement Parties further stipulate and agree that the Company's  
22 proposed Imbalance Commodity and Reservation Charges for Northern Nevada  
23 transportation customers of \$1.14588 per therm and \$0.31699 per therm, respectively,  
24 should be approved.

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25 <sup>3</sup> The UGCE rate of \$0.00996 per therm in Southern Nevada is comprised of a base rate of \$0.00613 per  
26 therm and an adjustment rate of \$0.00383 per therm. The UGCE rate of \$0.00877 per therm in Northern  
Nevada is comprised of a base rate of \$0.00486 per therm and an adjustment rate of \$0.00391 per  
therm.

1 19. The Settlement Parties further stipulate and agree that Southwest Gas'  
2 proposed GRA Rates for the G-RS Single-Family Residential Gas Service, G-RM Multi-  
3 Family Residential Gas Service, and G-1, G-2, G-3, and G-4 General Gas Service rate  
4 schedules in both Southern Nevada and Northern Nevada, should be approved, as shown  
5 in Table 1 below:<sup>4</sup>

6 Table 1  
7 GRA Rates

Rate Schedule	Southern Nevada	Northern Nevada
Single-Family Residential Gas Service	\$(0.00597)	\$(0.04452)
Multi-Family Residential Gas Service	\$(0.01694)	\$(0.05180)
General Gas Service - 1	\$(0.10370)	\$(0.03568)
General Gas Service - 2	\$(0.02596)	\$(0.01462)
General Gas Service - 3	\$(0.03168)	\$0.03146
General Gas Service - 4	\$0.02134	\$0.00251

11 20. The Settlement Parties further stipulate and agree that CEE Rates of  
12 \$0.00252 per therm for Southern Nevada sales customers and \$(0.00104) per therm for  
13 Northern Nevada sales customers should be approved.<sup>5</sup>

14 21. The Settlement Parties further stipulate and agree that Southwest Gas'  
15 proposed IERs of \$0.00126 per therm for the Southern Nevada rate jurisdiction and  
16 \$0.00340 per therm for the Mesquite Expansion Area should be approved.

17 22. The Settlement Parties further stipulate and agree that Southwest Gas'  
18 current IERs for the Northern Nevada rate jurisdiction, Elko District, and Spring Creek  
19 Expansion area that were submitted in Docket No. 22-05032 and are consistent with the  
20 IERs stipulated to in Docket No. 19-06017 shall be maintained for the rate effective period  
21 of this ARA.

22 23. The Settlement Parties further stipulate and agree that the overall effect of the  
23 rate changes set forth in this Stipulation is a decrease in annualized revenues of  
24 \_\_\_\_\_

25 <sup>4</sup> Rates shown in parentheses are credit or refund rates for over-collections.

26 <sup>5</sup> The CEE rate of \$0.00252 per therm in Southern Nevada is comprised of a base rate of \$0.00268 per therm and a deferred rate of \$(0.00016) per therm. The CEE rate of \$(0.00104) per therm in Northern Nevada is comprised of a base rate of \$0.00162 per therm and a deferred rate of \$(0.00266) per therm.

1 approximately \$ 7,217,839 or 0.67 percent in Southern Nevada, not including the unsettled  
2 CTAP balance and rates, and a decrease in annualized revenues of approximately  
3 \$4,186,351 or 1.74 percent in Northern Nevada. The Settlement Parties respectfully request  
4 that the Commission approve the rates set forth in this Stipulation with an effective date of  
5 May 1, 2024, rather than July 1, 2024<sup>6</sup> to more timely implement the decrease in rates for  
6 customers.

7 24. The Settlement Parties further stipulate and agree that, as a compliance item,  
8 Southwest Gas shall file with the Commission updated tariff sheets that reflect the above  
9 agreements of the Settlement Parties.

10 25. The Settlement Parties further stipulate and agree that this Stipulation is in the  
11 public interest and that all its terms are reasonable.

12 26. The Settlement Parties further stipulate and agree that all negotiations relating  
13 to this Stipulation are privileged and confidential, and no Party shall be bound by any position  
14 asserted in the negotiations, except to the extent expressly stated in this Stipulation.

15 27. The Settlement Parties acknowledge that this Stipulation represents a  
16 negotiated compromise of disputed matters and that the provisions reflected herein are an  
17 interdependent package that represents each Party's determination to avoid the cost and  
18 expense of a full hearing in favor of a stipulated resolution. Nothing in this Stipulation shall  
19 be construed to be an admission by Southwest Gas of any noncompliance with any  
20 Commission order, federal, state, or local rule, ordinance, constitution, statute, contract, or  
21 public policy. The provisions of this Stipulation shall not be construed as or deemed to be a  
22 precedent by any Party or the Commission with respect to any issue, principle, or  
23 interpretation or application of law and/or regulation, for any purpose or in connection with  
24 any proceeding before a court of law, or any state or federal government regulatory body.

25 <sup>6</sup> Consistent with the Stipulation filed, and paragraph 16 of the Commission Order issued in Docket No 20-  
26 05028, the Company requested a rate effective date of July 1, 2024. The Settlement Parties agree that in  
this instance, it is in the public interest to deviate from this requirement and implement the decrease in  
revenues for Southwest Gas effective May 1, 2024.

1 However, its terms shall be admissible for use in future proceedings before the Commission  
2 and any other tribunal.

3 28. The Settlement Parties agree that due to the Stipulation, Staff and BCP will  
4 not file direct testimony on April 19, 2024, or anytime before or after, related to the issues  
5 the Settlement Parties reached agreement on in this Stipulation, and Southwest Gas will not  
6 file rebuttal testimony on May 3, 2024, or anytime before or after, on the stipulated issues  
7 included in the Stipulation. The Settlement Parties agree that the hearing set for May 21,  
8 2024, should move forward on the remaining issues in this matter.


9 29. This Stipulation constitutes a negotiated settlement. No provision of the  
10 Stipulation is severable. If the Commission does not accept the Stipulation, then the  
11 Stipulation shall be withdrawn, without prejudice to any claims or contentions that may have  
12 been made or are made in this Docket. No part of the withdrawn Stipulation shall be  
13 admissible as evidence in any proceeding before the Commission or any other tribunal, and  
14 no signatory shall be bound by any of the provisions of the withdrawn Stipulation.

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1           30. This Stipulation may be executed in counterparts and transmitted via  
2 facsimile, e-mail, or other electronic methods.

3           DATED this 16th day of April 2024.

4  
5 **SOUTHWEST GAS CORPORATION**

6   
7 \_\_\_\_\_  
8 Andrew Hall  
9 Assistant General Counsel

10 **REGULATORY OPERATIONS STAFF OF  
11 THE PUBLIC UTILITIES COMMISSION OF NEVADA**

12 /s/ Tori Sundheim \_\_\_\_\_  
13 Tori Sundheim  
14 Assistant Staff Counsel

15 **BUREAU OF CONSUMER PROTECTION**

16 /s/ Paul Stuhff \_\_\_\_\_  
17 Paul Stuhff  
18 Senior Deputy Attorney General