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SOUTHWEST GAS CORPORATION
SUMMARY OF ANNUAL REVENUE DEFICIENCY
ASSOCIATED WITH INCREASED CARE PARTICIPATION AND DISCOUNTS

Description	South	North	Total	Incremental Cost
Base Case	$ (1,053,100)	$ (14,278)	$ (1,067,378)	
Penetration Increased to 75% [1]	$ (1,740,769)	$ (144,066)	$ (1,884,835)	$ (817,457)
Discount Increased to 20% at 75% Penetration	$ (2,472,466)	$ (191,847)	$ (2,664,313)	$ (779,478)
Qualifying Income Increased to 175% of FPI [2]	$ (2,910,020)	$ (298,878)	$ (3,208,898)	$ (544,585)
Total				$ (2,141,520)

Note: Costs for [1] and [2] includes administrative fee of $3.51 per additional CARE customer per year.

[1] Assumes additional customers above base case of 4,938 and 952 in Southern and Northern CA respectively.

[2] Assumes additional customers above base case of 7,375 and 1,557 in Southern and Northern CA respectively.

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SOUTHWEST GAS CORPORATION
SOUTHERN CALIFORNIA
ESTIMATE CARE DISCOUNTS AND RECOVERIES

Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Base Rate													
Baseline	$ 0.42471	$ 0.42471	$ 0.42471	$ 0.42471	$ 0.42471	$ 0.42471	$ 0.42471	$ 0.42471	$ 0.42471	$ 0.42471	$ 0.42471	$ 0.42471	
Tier II	0.65603	0.65603	0.65603	0.65603	0.65603	0.65603	0.65603	0.65603	0.65603	0.65603	0.65603	0.65603	
Surcharges													
DSM Portion of PPP	0.00910	0.00910	0.00910	0.00910	0.00910	0.00910	0.00910	0.00910	0.00910	0.00910	0.00910	0.00910	
CARE Portion of PPP	0.00390	0.00390	0.00390	0.00390	0.00390	0.00390	0.00390	0.00390	0.00390	0.00390	0.00390	0.00390	
CPUC	0.00076	0.00076	0.00076	0.00076	0.00076	0.00076	0.00076	0.00076	0.00076	0.00076	0.00076	0.00076	
Estimated Gas Cost	$ 0.57355	$ 1.04159	$ 0.98916	$ 0.65799	$ 1.30987	$ 1.05615	$ 1.00794	$ 0.99908	$ 1.55274	$ 1.62822	$ 0.99580	$ 1.00838	
CARE Discounts at 20%													
BSC	$ 0.65000	$ 0.65000	$ 0.65000	$ 0.65000	$ 0.65000	$ 0.65000	$ 0.65000	$ 0.65000	$ 0.65000	$ 0.65000	$ 0.65000	$ 0.65000	
Baseline	0.20537	0.29898	0.28849	0.22226	0.35264	0.30189	0.29225	0.29048	0.40121	0.41631	0.28982	0.29234	
Tier II	0.25164	0.34524	0.33476	0.26852	0.39890	0.34816	0.33851	0.33674	0.44747	0.46257	0.33609	0.33860	
Baseline Allowance	53.6	53.6	53.6	53.6	13.4	13.4	13.4	13.4	13.4	13.4	53.6	53.6	
Avg Use Per CARE Customer	94.9	79.4	69.3	53.9	36.4	27.0	19.8	17.0	17.6	20.8	37.5	75.9	
Avg Discount per CARE Customer	$ 22.06	$ 25.58	$ 21.35	$ 12.65	$ 14.57	$ 9.43	$ 6.72	$ 5.75	$ 7.91	$ 9.65	$ 11.52	$ 23.89	
Number of CARE Customers	20,640	20,581	20,533	20,462	20,380	20,315	20,252	20,289	20,443	20,635	20,826	21,043	
Total Monthly CARE Discount [1]	$ 457,497	$ 528,648	$ 440,601	$ 260,931	$ 298,997	$ 193,679	$ 138,347	$ 118,829	$ 163,927	$ 201,305	$ 242,125	$ 504,810	$ 3,575,584
Non-CARE Volumes (for recovery)	11,610,504	9,759,181	8,586,157	6,648,191	4,660,686	3,606,237	2,800,055	2,583,085	2,733,270	3,099,898	5,213,935	9,695,212	
CARE Surcharge	0.00901	0.00901	0.00901	0.00901	0.00901	0.00901	0.00901	0.00901	0.00901	0.00901	0.00901	0.00901	
Total Recovery	$ 104,611	$ 87,930	$ 77,361	$ 59,900	$ 41,993	$ 32,492	$ 25,228	$ 23,274	$ 24,627	$ 27,930	$ 46,978	$ 87,354	$ 639,678
Excess / (Deficit)	$ (352,886)	$ (440,718)	$ (363,240)	$ (201,031)	$ (257,005)	$ (161,187)	$ (113,118)	$ (95,556)	$ (139,300)	$ (173,375)	$ (195,148)	$ (417,456)	$ (2,910,020)

Note: CARE customers increased by 7,375 per Marketing estimated increased participation.

[1] Includes Administrative Fee of $3.51 per additional CARE customer per year.

SOUTHWEST GAS CORPORATION
NORTHERN CALIFORNIA
ESTIMATE CARE DISCOUNTS AND RECOVERIES

Description		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Base Rate														
Baseline		$ 0.54545	$ 0.54545	$ 0.54545	$ 0.54545	$ 0.54545	$ 0.54545	$ 0.54545	$ 0.54545	$ 0.54545	$ 0.54545	$ 0.54545	$ 0.54545	
Tier II		0.60256	0.60256	0.60256	0.60256	0.60256	0.60256	0.60256	0.60256	0.60256	0.60256	0.60256	0.60256	
Surcharges														
DSM Portion of PPP		0.00910	0.00910	0.00910	0.00910	0.00910	0.00910	0.00910	0.00910	0.00910	0.00910	0.00910	0.00910	
CARE Portion of PPP		0.00390	0.00390	0.00390	0.00390	0.00390	0.00390	0.00390	0.00390	0.00390	0.00390	0.00390	0.00390	
CPUC		0.00076	0.00076	0.00076	0.00076	0.00076	0.00076	0.00076	0.00076	0.00076	0.00076	0.00076	0.00076	
Estimated Gas Cost		$ 0.72434	$ 0.75462	$ 0.65510	$ 0.45243	$ 0.51914	$ 0.51986	$ 0.52142	$ 0.39609	$ 0.40203	$ 0.46052	$ 0.70425	$ 0.75334	
CARE Discounts at	20%													
BSC		$ 0.65000	$ 0.65000	$ 0.65000	$ 0.65000	$ 0.65000	$ 0.65000	$ 0.65000	$ 0.65000	$ 0.65000	$ 0.65000	$ 0.65000	$ 0.65000	
Baseline		0.25968	0.26573	0.24583	0.20530	0.21864	0.21878	0.21909	0.19403	0.19522	0.20691	0.25566	0.26548	
Tier II		0.27110	0.27716	0.25725	0.21672	0.23006	0.23020	0.23052	0.20545	0.20664	0.21834	0.26708	0.27690	
Baseline Allowance		86	86	86	86	86	22	22	22	22	86	86	86	
Avg Use Per CARE Customer		99.3	91.2	85.4	71.8	58.1	40.1	24.9	17.4	21.4	31.2	57.0	87.6	
Avg Discount per CARE Customer		$ 26.58	$ 24.95	$ 21.65	$ 15.38	$ 13.35	$ 9.63	$ 6.13	$ 4.03	$ 4.83	$ 7.10	$ 15.22	$ 23.93	
Number of CARE Customers		1,775	1,776	1,793	1,792	1,787	1,782	1,777	1,776	1,768	1,768	1,783	1,788	
Total Monthly CARE Discount [1]		$ 47,633	$ 44,759	$ 39,277	$ 28,024	$ 24,315	$ 17,622	$ 11,345	$ 7,621	$ 8,990	$ 13,006	$ 27,599	$ 43,250	$ 318,906
Non-CARE Volumes (for recovery)		2,619,460	2,281,810	2,113,697	1,720,871	1,192,135	833,829	547,091	439,575	491,696	671,138	1,254,244	2,196,635	
CARE Surcharge		0.00089	0.00089	0.00089	0.00089	0.00089	0.00089	0.00089	0.00089	0.00089	0.00089	0.00089	0.00089	
Total Recovery		$ 2,331	$ 2,031	$ 1,881	$ 1,532	$ 1,061	$ 742	$ 487	$ 391	$ 438	$ 597	$ 1,116	$ 1,955	$ 14,562
Excess / (Deficit)		$ (45,301)	$ (42,728)	$ (37,396)	$ (26,492)	$ (23,254)	$ (16,880)	$ (10,858)	$ (7,229)	$ (8,552)	$ (12,409)	$ (26,483)	$ (41,295)	$ (298,878)

Note: CARE customers increased by 1,557 per Marketing estimated increased participation.

[1] Includes Administrative Fee of $3.51 per additional CARE customer per year.

SOUTHWEST GAS CORPORATION - CALIFORNIA
IMPACT OF INCREASED CARE GUIDELINES (175% of Federal Poverty Income) ON LIEE PROGRAMS

Service Area	Total Residential Customers 12/31/00	CARE Customers 12/31/00	Estimated Customers Eligible for CARE at 150% FPI Guidelines [1]	Current Number of CARE Customers served on LIEE Program Annually at 150% FPI Guidelines	Percentage of Eligible CARE Households at 150% of FPI Serviced by LIEE Annually	Estimated Customers Eligible for CARE at 175% FPI Guidelines [1]	Increased Number of CARE Customers that should be served on LIEE Program Annually at 175% FPI Guidelines
Southern California	105,041	14,555	25,991	200	1.00%	29,240	292
Northern California	18,887	181	1,511	20	1.00%	2,317	23
Statewide	123,928	14,736	27,502	220	1.00%	31,557	315
Additional CARE customers to receive weatherization (175% FPI guidelines and 1% of eligible customers served annually).							95

[1] Eligible CARE customers is based on a variety of data sources, including Census data, internal studies, and county reports.
[2] CARE customers are eligible for weatherization assistance once every seven years.

Schedule 3
Sheet 1 of 1

SOUTHWEST GAS CORPORATION
SUMMARY OF ANNUAL REVENUE DEFICIENCY
ASSOCIATED WITH INCREASED CARE PARTICIPATION AND DISCOUNTS

Description	South	North	Total	Incremental Cost
Base Case	$ (1,053,100)	$ (14,278)	$ (1,067,378)	
Penetration Increased to 75% [1]	$ (1,740,769)	(144,066)	$ (1,884,835)	$ (817,457)
Discount Increased to 20% at 75% Penetration	$ (2,472,466)	$ (191,847)	$ (2,664,313)	$ (779,478)
Qualifying Income Increased to 175% of FPI [2]	$ (2,910,020)	$ (298,878)	$ (3,208,898)	$ (544,585)
Total				$ (2,141,520)

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939 dist 14

	CARE Discount Cost		LIEE	
			South	North
Total Cost				
Non-Care Volumes for Recovery	70,996,411	16,362,182	70,996,411	16,362,182
Resulting CARE Surcharge	$ 0.04099	$ 0.01827		
Average Residential Use	588	1453	588	1453
Impact on Average Residential Customer	$ 24.10	$ 26.54		
Authorized Margin (last GRC)	$ 35,575,225	$ 4,309,591 *	$ 35,575,225	$ 4,309,591
% of Authorized Margin	8.2%	6.9%		
			$95,000 Annually	
			$ 84,038	$ 10,962
Incremental Cost				
Resulting CARE Surcharge	$ 0.02616	$ 0.01739	$ 0.00118	$ 0.00067
Average Residential Use	588	1453	588	1453
Impact on Average Residential Customer	$ 15.38	$ 25.27	$ 0.70	$ 0.97
% of Authorized Margin	5.2%	6.6%	0.2%	0.3%

* Includes attrition years.
** Split 115/130 to South and 15/130 to North.

Note: Costs for [1] and [2] includes administrative fee of $3.51 per additional CARE customer per year.

[1] Assumes additional customers above base case of 4,938 and 952 in Southern and Northern CA respectively.

[2] Assumes additional customers above base case of 7,375 and 1,557 in Southern and Northern CA respectively.

SOUTHERN CALIFORNIA WATER COMPANY
BEAR VALLEY ELECTRIC SERVICE
INCREASE IN CARE PROGRAM COSTS
FROM INCREASED PENETRATION AND HIGHER INCOME ELIGIBILITY LEVELS

		At Current Rates	At Proposed Rates (As Proposed in Advice Letter 188
REVENUE REDUCTION FROM INCREASE IN PENETRATION RATE TO 95 PERCENT			
(1)	Current Number of CARE Customers	872	872
(2)	Estimated Number of CARE Eligible Customers	1,871	1,871
(3)	Current Penetration Rate (Row 1/Row 2)	47%	47%
(4)	Number of Customer at 95% Penetration (Row 2 x 95%)	1,777	1,777
(5)	Increase in Number of Customers Needed to Achieve 95% Penetration (Row 4 - Row 1)	905	905
(6)	Decrease in Monthly Bill for CARE Customers	$ (7.42)	$ (9.77)
(7)	Annual Revenue Loss from Increased Penetration (Row 5 x Row 6 x 12)	$ (80,617)	$ (106,150)
REVENUE REDUCTION FROM INCREASE IN CARE ELIGIBILITY INCOME LEVELS TO 175% OF FEDERAL POVERTY LEVEL			
(8)	Estimated Number of CARE Eligible Customers at 150% of FPL	1,871	1,871
(9)	Estimated Number of CARE Eligible Customers at 175% of FPL	2,338	2,338
(10)	Increase in Number of Eligible Customers (Row 9 - Row 8)	468	468
(11)	Current Penetration Rate	47%	0
(12)	Increased Number of CARE Participants (Row 11 x Row 10)	218	218
(13)	Decrease in Monthly Bill for CARE Customers	$ (7.42)	$ (9.77)
(14)	Annual Revenue Loss from Increase in Income Eligibility Levels (Row 12 x Row 13 x 12)	$ (19,419)	$ (25,569)
REVENUE REDUCTION FROM INCREASE IN CARE DISCOUNT TO 20 PERCENT			
(15)	Current Number of CARE Customers	872	872
(16)	Current CARE Monthly Discount	$ (7.42)	$ (9.77)
(17)	CARE Monthly Discount at 20 Percent	$ (9.40)	$ (12.77)
(18)	Additional Decrease in CARE Customer's Monthly Bill (Row 17 - Row 16)	$ (1.98)	$ (2.99)
(19)	Annual Revenue Loss from Increased CARE Discounts (Row 18 x Row 15 x 12)	$ (20,722.09)	$ (31,320.49)

REVENUE REDUCTION DUE TO INCREASE IN INCOME ELIGIBILITY LEVELS AND CARE DISCOUNT INCREASED TO 20 % AND INCREASED PARTICIPATION TO 95%

(20)	Current Number of CARE Customers		872		872
(21)	Estimated Number of Eligible Customers at 175% of FPL		2,338		2,338
(22)	95% Participation at New Income Levels (Row 21 x 95%)		2,221		2,221
(23)	Total Combined Increase in Number of CARE Customers (Row 22 - Row 20)		1,349		1,349
(24)	Decrease in Monthly Bill for CARE Customers with Discount at 20 Percent	$	(9.40)	$	(12.77)
(25)	Annual Revenue Loss from Combined Increase in Income Eligibility Levels, Participation F	$	(152,254)	$	(206,721)

(END OF APPENDIX A)