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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Southwest Gas Corporation  
(U 905 G) for Authority to Increase Rates  
and Charges for Natural Gas Service in  
California, Effective January 1, 2021

Application 19-08-015  
(Filed August 30, 2019)

**SOUTHWEST GAS CORPORATION (U 905 G)  
ANNUAL RISK SPENDING ACCOUNTABILITY REPORT  
PURSUANT TO DECISIONS 19-04-020 AND 22-10-002**

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*Attorney for Southwest Gas Corporation*

May 1, 2024

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3 (U 905 G) for Authority to Increase Rates and  
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6 **SOUTHWEST GAS CORPORATION (U 905 G)**  
7 **ANNUAL RISK SPENDING ACCOUNTABILITY REPORT**  
8 **PURSUANT TO DECISIONS 19-04-020 AND 22-10-002**

9 Southwest Gas Corporation (Southwest Gas) hereby submits its Annual Risk Spending  
10 Accountability Report (RSAR) pursuant to Decisions 19-04-020 and 22-10-002. Southwest Gas'  
11 Annual RSAR is attached hereto as **EXHIBIT A** and covers the reporting period from January 1,  
12 2023 through December 31, 2023.

13 Dated this 1<sup>st</sup> day of May 2024.

14 Respectfully submitted,

15 SOUTHWEST GAS CORPORATION

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# **EXHIBIT A**

# **Southwest Gas Corporation** **(U 905 G)**

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## **Risk Spending Accountability Report**

In compliance with:  
**Decisions 19-04-020 and 22-10-002**

Reporting Period:  
**January 1, 2023 through December 31, 2023**

**May 1, 2024**



## EXECUTIVE SUMMARY

In compliance with Decision (D.) 19-04-020<sup>1</sup> and D.22-10-002,<sup>2</sup> Southwest Gas submits this annual Risk Spending Accountability Report (RSAR) for the period January 1, 2023 through December 31, 2023

### *Company Overview*

Southwest Gas has two distinct and separate service territories in northern and southern California. Areas served in northern California include North Lake Tahoe, South Lake Tahoe and Truckee. In southern California, Southwest Gas serves Big Bear, Needles, Barstow, Victorville and other surrounding cities in the high desert area. For the purposes of ratemaking treatment, Southwest Gas has three rate jurisdictions: Southern California, Northern California and South Lake Tahoe.

## BACKGROUND

On April 25, 2019, the Commission approved D.19-04-020, which adopted a Voluntary Risk-Based Decision-Making Framework for use by the small and multi-jurisdictional utilities (SMJU), including Southwest Gas, in their general rate cases. D.19-04-020 also adopted a schedule for the SMJU's to submit their first RSAR after the general rate case proceeding in which funding for risk mitigation spending is authorized. Southwest Gas filed its Test Year (TY) 2021 General Rate Case on August 30, 2019 (Application (A.) 19-08-015), which included a risk-based decision-making framework and associated funding requests for risk-based infrastructure programs (Risk Programs). Pursuant to Ordering Paragraph 13 in D.19-04-020, Southwest Gas' first RSAR is due on June 30, 2022 for the 2021 reporting period.

### *Southwest Gas TY 2021 General Rate Case – A.19-08-015*

On March 24, 2021, the Commission issued D.21-03-052, approving the Joint Motion for Settlement Agreement in A.19-08-015. Pursuant to D.14-12-025<sup>3</sup> and D.19-04-020, Southwest Gas included a risk-informed decision-making framework in A.19-08-035 that identified and evaluated several risks, reviewed existing controls, and developed three proposed mitigations to address the identified risks. D.21-03-052, authorized the following Risk Programs and annual target spend budgets (Table 1) for the 2021-2025 General Rate Case cycle:

Targeted Pipe Replacement Program – This program will replace eligible pre-1961 vintage distribution and high-pressure steel pipelines and Driscopipe™ 7000 distribution plastic pipelines in the Southwest Gas Southern California jurisdiction only.

School COYL Replacement Program – A COYL is the primary customer-owned gas piping that begins from the service point of delivery at the outlet of Southwest Gas' meter located at the

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<sup>1</sup> D.19-04-020 – *Phase Two Decision Adopting Risk Spending Accountability Report Requirements and Safety Performance Metrics for Investor-Owned Utilities and Adopting a Safety Model Approach for Small and Multi-Jurisdictional Utilities.*

<sup>2</sup> D.22-10-002 – *Decision Addressing Phase 1 Tracks 3 and 4 Issues*, dated October 6, 2022, issued in Rulemaking (R.) 20-07-013 – *Rulemaking to Further Develop a Risk-Based Decision-Making Framework for Electric and Gas Utilities.*

<sup>3</sup> D.14-12-025 – *Decision Incorporating a Risk-Based Decision-Making Framework Into the Rate Case Plan and Modifying Appendix A of Decision 07-07-004.*

property line or public right-of-way and extends underground from the meter to the building or gas utilization equipment where gas is consumed. COYLs are not owned, maintained, or inspected by Southwest Gas. This program will prioritize and replace known school COYLs within its three rate jurisdictions.

Meter Protection Program – Due to heavy snow loads in portions of Southwest Gas’ California rate jurisdictions, the Company’s risk-informed assessment identified the need to implement a comprehensive and proactive program to protect the Company’s meter sets from damage due to snow and ice loading. Southwest Gas’ proposed Meter Protection Program consists of the following components that the Company would evaluate and implement as appropriate for each eligible meter set assembly: 1) retrofitting meters with customer-owned sheds where none currently exist; 2) evaluating and installing excess flow valves (EFV) on certain service lines; and 3) upgrading the meter encoder receiver transmitter (ERT) device to allow for daily meter usage monitoring.

**Table 1**

<b>Rate Jurisdiction</b>	<b>Targeted Pipe Replacement Program</b>	<b>School Customer-Owned Yard Line (COYL) Replacement Program</b>	<b>Meter Protection Program</b>
Southern California	\$18,000,000/year	\$1,000,000/year	\$1,000,000/year
Northern California		\$500,000/year	\$1,000,000/year
South Lake Tahoe		\$500,000/year	\$1,800,000/year
<b>TOTAL 2021-2025</b>	<b>\$90,000,000</b>	<b>\$10,000,000</b>	<b>\$19,000,000</b>

*D.22-10-002*

On October 6, 2022, the Commission approved D.22-10-002, which “...refines certain reporting requirements for the...[RSAR]...required of investor-owned utility (IOU) and...[SMJU]... pursuant to D.19-04-020 and D.14-12-025.”<sup>4</sup> Per OP 4,

...[The SMJU]...shall implement the following changes to their...[RSAR]..., starting with the RSAR report due immediately following each utility’s next general rate case (GRC) application:

- a. File imputed costs for all years in the GRC cycle for all spending categories and safety, reliability and maintenance (SRM) programs within six months of the adoption of a GRC revenue requirement, including for GRC applications approved via Settlement Agreement or the first RSAR related to a new GRC, whichever comes first. Associate each spending category or SRM program with a major line of business.
- b. Report units for each RSAR SRM program. If no units are available provide explanation for not tracking units.
- c. Provide variance explanation if variance is greater than +/- 15 percent of the imputed cost or units.
- d. Track annual and cumulative costs and annual and cumulative work units through the entire GRC cycle.
- e. Forecast SRM program scope, schedule, and cost for the GRC cycle.

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<sup>4</sup> *Id.* at pg. 2.

- f. Identify SRM program status as proceeding as planned, canceled, deferred emergent, or expanded.
- g. Report all costs, not only SRM costs. Non-SRM programs do not require units or variance explanations. The roll-up of operations and maintenance expense and capital programs should represent the total direct costs for each type of spend for the year.
- h. Support each RSAR filing with an electronic submittal of RSAR tables as a single table.
- i. Clearly identify wildfire mitigation plan programs in the GRC applications and track through the RSAR.

Additionally, per OP 5 in D.22-10-002, the SMJU are directed to file their RSARs annually by May 1 in their most recent GRC proceeding where the RSAR costs are imputed and with the Energy Division at [energydivisioncentralfiles@cpuc.ca.gov](mailto:energydivisioncentralfiles@cpuc.ca.gov).

## **REPORT**

Per OP 4, the aforementioned refined RSAR requirements are to begin with the RSAR report due immediately following the SMJU's next GRC. As noted above, Southwest Gas' last GRC was approved in March 2021. As such, Southwest Gas' 2023 RSAR does not include the refined and additional requirements. Southwest Gas' next GRC is expected to be filed in August 2024 for a 2026 test year. In its RSARs subsequent to Southwest Gas' 2024 rate case, Southwest Gas will include the RSAR refinements required pursuant to OP 4.

Included in Attachment 1 is Southwest Gas' RSAR for its above Risk Programs and also other safety, reliability, and maintenance activities. The RSAR is broken out by rate jurisdiction.

### *2023 Authorized Spending*

Table 1 above provides the annual target spend for each authorized Risk Program. Southwest Gas Risk Programs contain capital costs only. Southwest Gas utilizes one regulatory account for its Risk Programs and established Program Reference numbers for each program. Additionally, for the Meter Protection Program, Southwest Gas uses three additional Program Reference numbers to distinguish between the three program components described below. The establishment of this accounting structure enables Southwest Gas to appropriately distinguish and track the spend for its Risk Programs by rate jurisdiction and program. Southwest Gas Risk Programs budgets have targeted annual spends but have been authorized on a cumulative basis. Variance explanations have been provided for differences between 2021-2023 cumulative budgets and actuals.

Southwest Gas has also included Operations and Maintenance Expenses (O&M) authorized by FERC account where it has identified costs related to safety, reliability, and maintenance activities. For the FERC accounts provided in Attachment 1, Southwest Gas derived the 2023 authorized spending amounts by escalating the Commission-authorized TY 2021 GRC amounts by its authorized Post-Test Year Margin (PTYM) escalation factor of 2.75 percent for two years. The annual 2.75 percent PTYM escalation factor is applied equally to all components of the cost of service. Variance explanations have been provided for differences between 2023 escalated and actual spend amounts. For this reporting period, Southwest Gas removed the following O&M accounts since there are no identified costs related to safety, reliability, or maintenance activities:

813 – Other Gas Supply, 901 – Suspension, 902 – Meter Reading Expense, 903 – Customer Records and Collection, 904 – Uncollectibles, 905 – Miscellaneous Customer Accounts Expense, 908 – Customer Assistance Expense, and 909 Informational and Instructional Adv.

**CONCLUSION**

Southwest Gas appreciates the opportunity to provide this RSAR.



ATTACHMENT 1

**SOUTHWEST GAS CORPORATION (U 905 G)  
RISK SPENDING ACCOUNTABILITY REPORT  
ALL JURISDICTIONS  
JANUARY 1, 2023 - DECEMBER 31, 2023  
RISK-INFORMED DECISION-MAKING PROGRAMS**

Line No.	Jurisdiction/Program Description	Account Number	2021-2025 Authorized	Annual Target Spend	2021-2023 Cumulative	2021-2023 Actuals	Difference	%	Explanation of Variance of 15% or Greater
<b>SOUTHERN CALIFORNIA</b>									
1	Targeted Pipe Replacement Program	18230 5069 4594	\$ 90,000,000	\$ 18,000,000	\$ 54,000,000	\$ 61,169,769	\$ 7,169,768.71	40%	Program includes both Distribution and High Pressure replacements where the 5 year total cost is averaged over each year as \$18M. However, due to the significant cost and planning of High Pressure, the High Pressure projects will not occur until 2023 and 2025. Thus, years without high pressure projects will be below the average of \$18M annually, while years with high pressure will be above the average of \$18M.
2	School COYL Replacement Program	18230 5069 4593	\$ 5,000,000	\$ 1,000,000	\$ 3,000,000	\$ -	\$ (3,000,000.00)	-300%	No work occurred in 2021 due to the delayed CPUC approval of this program (March 25, 2021). Additional resources were obtained and trained (2022), then outreach and coordination with the schools was necessary before design and construction occurred (2023). The schools prefer construction to occur during the summer months when the students are not on campus. Lengthy coordination is required with the schools, including discussions of post construction activities in routine Operations and Maintenance such as Annual Leak Surveys. Schools Contructions scheduled during the summers of 2024 and 2025.
3	Meter Protection Program Total		\$ 5,000,000	\$ 1,000,000	\$ 3,000,000	\$ 3,491,531	\$ 491,531.09	49%	The number of sites replaced increased in 2023. The site count will be reduced in 2024 and 2025 due to resource management.
3a	Excess Flow Valves (EFV)	18230 5069 4590				\$ 159,001			
3b	Meter Encoder Receiver Transmitter (ERT)	18230 5069 4591				\$ 356			
3c	Meter Sheds	18230 5069 4592				\$ 3,332,174			
<b>NORTHERN CALIFORNIA</b>									
4	School COYL Replacement Program	18230 5069 4593	\$ 2,500,000	\$ 500,000	\$ 1,500,000	\$ 4,569	\$ (1,495,431.00)	-299%	No work occurred in 2021 due to the delayed CPUC approval of this program (March 25, 2021). Additional resources were obtained and trained (2022), then outreach and coordination with the schools was necessary before design and construction can occur (2023). The schools prefer construction to occur during the summer months when the students are not on campus. Lengthy coordination is required with the schools, including discussions of post construction activities in routine Operations and Maintenance such as Annual Leak Surveys. Schools Contructions scheduled during the summers of 2024 and 2025.
5	Meter Protection Program Total		\$ 5,000,000	\$ 1,000,000	\$ 3,000,000	\$ 582,797	\$ (2,417,203.10)	-242%	Reduced work occurred in 2021 due to the delayed CPUC approval of this program (March 25, 2021). Additional reduction occurred from the companywide customer service software replacement launch in May 2021. A further impact occurred due to a wildfire which resulted in resident evacuations and Southwest Gas resources deployed to isolate pipeline system during the evacuations and restoring services once residents were permitted to return (2021) as well as the replacement of the Master Pipeline Contractor (2022).
5a	Excess Flow Valves (EFV)	18230 5069 4590				\$ 2,190			
5b	Meter Encoder Receiver Transmitter (ERT)	18230 5069 4591				\$ 116,608			
5c	Meter Sheds	18230 5069 4592				\$ 463,999			

ATTACHMENT 1

SOUTHWEST GAS CORPORATION (U 905 G)  
 RISK SPENDING ACCOUNTABILITY REPORT  
 ALL JURISDICTIONS  
 JANUARY 1, 2023 - DECEMBER 31, 2023  
 RISK-INFORMED DECISION-MAKING PROGRAMS

Line No.	Jurisdiction/Program Description	Account Number	2021-2025 Authorized	Annual Target Spend	2021-2023 Cumulative	2021-2023 Actuals	Difference	%	Explanation of Variance of 15% or Greater
<b>SOUTH LAKE TAHOE</b>									
6	School COYL Replacement Program	18230 5069	\$ 2,500,000	\$ 500,000	\$ 1,500,000	\$ 309,207	\$ (1,190,793.29)	-238%	Minor work occurred in 2021 due to the delayed CPUC approval of this program (March 25, 2021). Additional resources were obtained and trained (2022), then outreach and coordination with the schools was necessary before design and construction occurred (2023). The schools prefer construction to occur during the summer months when the students are not on campus. Lengthy coordination is required with the schools, including discussions of post construction activities in routine Operations and Maintenance such as Annual Leak Surveys. Schools Contructions scheduled during the summers of 2024 and 2025.
7	Meter Protection Program Total		\$ 9,000,000	\$ 1,800,000	\$ 5,400,000	\$ 3,850,693	\$ (1,549,306.61)	-86%	Reduced work occurred in 2021 due to the delayed CPUC approval of this program (March 25, 2021). Additional reduction occurred from the companywide customer service software replacement launch in May 2021. A further impact occurred due to a wildfire which resulted in resident evacuations and Southwest Gas resources deployed to isolate pipeline system during the evacuations and restoring services once residents were permitted to return (2021) as well as the replacement of the Master Pipeline Contractor (2022).
7a	Excess Flow Valves (EFV)	18230 5069 4590				\$ -			
7b	Meter Encoder Receiver Transmitter (ERT)	18230 5069 4591				\$ 120,830			
7c	Meter Sheds	18230 5069 4592				\$ 3,729,864			
<b>CALIFORNIA TOTAL</b>									
8	<b>Targeted Pipe Replacement Program</b>	18230 5069 4594	\$ 90,000,000	\$ 18,000,000	\$ 54,000,000	\$ 61,169,769			
9	<b>School COYL Replacement Program</b>	18230 5069 4593	\$ 10,000,000	\$ 2,000,000	\$ 6,000,000	\$ 313,776			
10	<b>Meter Protection Program</b>	18230 5069 4590 18230 5069 4591 18230 5069 4592	\$ 19,000,000	\$ 3,800,000	\$ 11,400,000	\$ 7,925,021			

**SOUTHWEST GAS CORPORATION (U 905 G)  
RISK SPENDING ACCOUNTABILITY REPORT  
ALL JURISDICTIONS  
JANUARY 1, 2023 - DECEMBER 31, 2023  
ACCOUNT DESCRIPTION  
RISK-INFORMED DECISION MAKING PROGRAMS**

<b>Account</b>	<b>Description</b>
18230 5069	This account shall be used to capture the non-revenue-producing infrastructure and incremental expenses related to the infrastructure replacement and/or reliability mechanism.

**SOUTHWEST GAS CORPORATION (U 905 G)  
RISK SPENDING ACCOUNTABILITY REPORT  
SOUTHERN CALIFORNIA RATE JURISDICTION  
JANUARY 1, 2023 - DECEMBER 31, 2023  
SAFETY, RELIABILITY AND MAINTENANCE**

Line No.	Account Description	TY 2021 Authorized	TY 2021 Escalated to 2023	2023 Actual	Difference	%	Explanation of Variance of 15% or Greater
1	<b>Distribution</b>						
2	870 Operation Supervision & Eng	\$ 1,874,252	\$ 1,978,753	2,824,189	\$ 845,436	43%	The increase is due to a new position for Quality Improvement, increased labor loadings such as transportation (gasoline costs), and additional relocation and training expenses related to notable employee turnover. These incremental costs are critical to maintain safety and reliability of the system.
3	871 Distribution Load Dispatching	117,560	\$ 124,115	206,589	82,475	66%	Additional dispatching time occurred due to set up and in service start date for Renewable Natural Gas Facility.
4	874 Mains and Services Expenses	1,457,757	\$ 1,539,036	2,294,806	755,770	49%	The increase is due to Blue Stake (line locating) expenses, including a large ticket volume increase associated with fiber optic projects from the Infrastructure Law, increased contractor expenses, and quality oversight. These costs are critical to maintain safety and reliability of the system.
5	875 Meas & Reg Station Exp	568	\$ 600	83,830	83,231	13879%	Costs associated with operating the new Renewable Natural Gas Facility.
6	878 Meter and House Reg Exp	1,592,536	\$ 1,681,330	1,784,560	103,231	6%	
7	879 Customer Installations Exp	3,051,822	\$ 3,221,980	5,224,917	2,002,936	62%	Increase in charges primarily due to the mandatory California on-call stand-by program for all Field Operations departments. All on-call employees are compensated for every hour of on-call time, in accordance with labor law.
8	880 Other Expenses	2,410,631	\$ 2,545,039	(621,883)	(3,166,922)	-124%	The reduction is primarily due to credits for the California Pension Balancing Account Adjustment and the Pension Adjustment Amortization. These changes have no negative effect on safety/maintenance programs.
9	885 Maint Supervision & Eng	275,158	\$ 290,500	297,276	6,776	2%	
10	887 Maint of Mains	2,805,095	\$ 2,961,497	2,073,038	(888,458)	-30%	A reduction in Non Labor, Labor, and Labor Loadings for "Other Main Leak Repair" and "Maintenance of Mains". The result is less than anticipated expenses for repair of main leaks due to fewer leaks in the system. The number of Main leaks at any given time is in the single digits. Southwest Gas' leak survey program schedules exceeds the federal requirements. These changes have no negative effect on safety/maintenance programs.
11	889 Maint of Measuring and Reg Sta	731,339	\$ 772,116	671,606	(100,510)	-13%	
12	892 Maint of Services	738,622	\$ 779,805	1,004,135	224,330	29%	The increase is due to increased contractor expenses for mandatory leak survey work. In addition, there were associated increases in labor and associated labor-related loadings.
13	893 Maint of Meters & House Reg	439,298	\$ 463,792	603,683	139,891	30%	Increase in Family Meter Exchanges due to identified Families of meters not passing accuracy inspection. This program improves safety and reliability of the system.
14	894 Maint of Other Equip	76,297	\$ 80,551	67,809	(12,742)	-16%	A reduction due to Labor allocation for the Communication Specialist is distributed between SCADA and Radio, whereas this account is for SCADA. The allocation of time has been adjusted for current and future work load between these task. These changes have no negative effect on safety/maintenance programs.
15	<b>Total Distribution</b>	<b>\$ 15,570,935</b>	<b>\$ 16,439,112</b>	<b>\$ 16,514,555</b>	<b>\$ 75,444</b>		
16	<b>Customer Service and Info</b>						
17	910 Misc. Cust Service and Info Exp	49,835	52,614	64,238	11,624	22%	Minimal usage of this account due to nearly all costs incurred to start service are captured in other accounts. This has no negative effect on safety/maintenance programs.
18	<b>Total Customer Service and Info</b>	<b>\$ 49,835</b>	<b>\$ 52,614</b>	<b>\$ 64,238</b>	<b>\$ 11,624</b>		
19	<b>Administrative and General</b>						
20	930.1 General Advertising/Safety Education	\$ 169,139	\$ 199,037	148,403	\$ (50,635)	-25%	Due to the record-breaking high levels of snow in Northern California and South Lake Tahoe during 2023, Southwest Gas deployed increased safety and public awareness messaging to educate and protect the public in the area. The media sources located in Northern California also cover the South Lake Tahoe area, which resulted in South Lake Tahoe coverage at no additional cost. Unused funds from Southern California were also allocated towards Northern California to enhance the important snow safety messaging. There was no reduction in safety messaging in Southern California as a result of the reallocation.
21	<b>Total Administrative and General</b>	<b>\$ 169,139</b>	<b>\$ 199,037</b>	<b>\$ 148,403</b>	<b>\$ (50,635)</b>		

22 **Total O&M** 15,789,909 16,690,763 16,727,196 36,433

**SOUTHWEST GAS CORPORATION (U 905 G)**  
**RISK SPENDING ACCOUNTABILITY REPORT**  
**NORTHERN CALIFORNIA JURISDICTION**  
**JANUARY 1, 2023 - DECEMBER 31, 2023**  
**SAFETY, RELIABILITY AND MAINTENANCE**

Line No.	Account Description	TY 2021 Authorized	TY 2021 Escalated to 2023	2023 Actual	Difference	%	Explanation of Variance of 15% or Greater
1	<b>Distribution</b>						
2	870 Operation Supervision & Eng	\$ 717,222	\$ 757,212	\$ 529,350	\$ (227,862)	-30%	Retirement of several long-term employees and filling those positions with new employees (lower wage) dramatically reduced expenses in this account. In addition, an increase in this five-year period of Capital work shifted some of the employee expenses to proactive system improvement projects. These changes have no negative effect on safety/maintenance programs as the oversight of safety/maintenance programs did not change.
3	871 Distribution Load Dispatching	\$ 45,589	\$ 48,131	\$ 39,906	\$ (8,225)	-17%	Capital system improvements completed in the last five years have reinforced areas of the distribution system that experienced low pressures, thus requiring less focus on load dispatching.
4	874 Mains and Services Expenses	\$ 168,437	\$ 177,828	\$ 286,046	\$ 108,218	61%	Increase in field employee positions for O&M activities in Construction and Customer Service, to improve emergency response capabilities both during and after work hours. Added a full-time Damage Prevention Administrator formalized a Damage Prevention Program. Increase in line locating expenses due to new contracts, large ticket volume increase, and quality oversight. Converted employee uniforms to fire resistant (FR) material. Reallocation of supervision time charging from accounts 885, 887 and 892.
5	875 Meas & Reg Station Exp	\$ 262	\$ 277	\$ -	\$ (277)	-100%	Minor spend related to maintenance of regulator stations.
6	878 Meter and House Reg Exp	\$ 276,410	\$ 291,822	\$ 285,721	\$ (6,101)	-2%	
7	879 Customer Installations Exp	\$ 302,965	\$ 319,857	\$ 764,305	\$ 444,448	139%	Increase in charges primarily due to the new California on-call stand-by program for all Field Operations departments. All on-call employees are compensated for every hour of on-call time.
8	880 Other Expenses	\$ 271,922	\$ 287,083	\$ (106,258)	\$ (393,342)	-137%	Approximately half of the reductions are due to credits for the California Pension Balancing Account Adjustment. Remaining reductions are due to transfer of utility accounts (water, electric, phone, internet, etc.) and facilities maintenance from local level to Corporate, allocation of certain maps/records expenses to corresponding capital project accounts, and efficiencies realized in Staff/Training expenses with new technology and training programs. Reductions were realized through decreased travel, hotel, and meal expenses. These changes have no negative effect on safety/maintenance programs.
9	885 Maint Supervision & Eng	\$ 72,615	\$ 76,664	\$ 60,657	\$ (16,006)	-21%	Reallocation of supervision time being charged to 874 Mains and Services Expenses.
10	887 Maint of Mains	\$ 267,018	\$ 281,906	\$ 521,966	\$ 240,060	85%	The major driver of costs in this area is due to asphalt costs as a result of leak repair and snow removal to facilitate operations and maintenance work to be completed, which is weather dependant.
11	889 Maint of Measuring and Reg Sta	\$ 107,522	\$ 113,517	\$ 57,708	\$ (55,809)	-49%	Modernization of regulator stations and associated components, and proactive replacement of aging regulator stations has reduced unplanned maintenance and improved safety/reliability of operating stations.
12	892 Maint of Services	\$ 71,025	\$ 74,985	\$ 54,209	\$ (20,776)	-28%	2014-2019 represented the end of the CPUC-authorized PVC plastic pipe replacement program (D.04-04-034). The program, beginning in the early 2000's, replaced all main/service PVC plastic pipe. The replacement of identified pipe reduced necessary maintenance of the distribution system associated with leaks, valve issues, fittings, etc. Also during this period, Southwest Gas moved from a 5-year to a 3-year leak survey program. This change is above federal/state standards and at a greater rate proactively finds leaks and potential system integrity issues. Finally, reallocation of supervision time being charged to 874 Mains and Services Expenses.
13	893 Maint of Meters & House Reg	\$ 82,835	\$ 87,454	\$ 125,800	\$ 38,346	44%	Increase in Family Meter Exchanges due to identified Families of meters not passing accuracy inspection. This program improve safety and reliability of the system.
14	894 Maint of Other Equip	\$ 428	\$ 452	\$ 811	\$ 360	80%	Minor charges used in labor allocation for the Communication Specialist for SCADA and radio communications.
15	<b>Total Distribution</b>	<b>\$ 2,384,250</b>	<b>\$ 2,517,187</b>	<b>\$ 2,620,221</b>	<b>\$ 103,034</b>		

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RISK SPENDING ACCOUNTABILITY REPORT  
NORTHERN CALIFORNIA JURISDICTION  
JANUARY 1, 2023 - DECEMBER 31, 2023  
SAFETY, RELIABILITY AND MAINTENANCE**

Line No.	Account Description	TY 2021 Authorized	TY 2021 Escalated to 2023	2023 Actual	Difference	%	Explanation of Variance of 15% or Greater
16	<b>Customer Service and Info</b>						
17	910 Misc. Cust Service and Info Exp	\$ 11,046	\$ 11,662	\$ 11,748	\$ 86	1%	
18	<b>Total Customer Service and Info</b>	<b>\$ 11,046</b>	<b>\$ 11,662</b>	<b>\$ 11,748</b>	<b>\$ 86</b>		
19	<b>Administrative and General</b>						
20	930.1 General Advertising/Safety Education	\$ 50,559	\$ 53,378	\$ 116,897	\$ 63,519	119%	Due to the record-breaking high levels of snow in Northern California and South Lake Tahoe during 2023, Southwest Gas deployed increased safety and public awareness messaging to educate and protect the public in the area. The media sources located in Northern California also cover the South Lake Tahoe area, which resulted in South Lake Tahoe coverage at no additional cost. Unused funds from Southern California were also allocated towards Northern California to enhance the important snow safety messaging. There was no reduction in safety messaging in Southern California as a result of the reallocation.
21	<b>Total Administrative and General</b>	<b>\$ 50,559</b>	<b>\$ 53,378</b>	<b>\$ 116,897</b>	<b>\$ 63,519</b>		
22	<b>Total Northern California Rate Jurisdiction</b>	<b>\$ 2,445,855</b>	<b>\$ 2,582,227</b>	<b>\$ 2,748,866</b>	<b>\$ 166,639</b>	<b>6%</b>	While there are two rate jurisdictions in Northern California, Southwest Gas operates them as one area to increase efficiencies. Changes in policies and procedures can reflect differently in each rate jurisdiction and in each budget item, but as a whole, it can be seen that Southwest Gas is generally on target in the areas of safety and risk.
23	<b>Total Northern California</b>	<b>\$ 4,983,314</b>	<b>\$ 5,261,165</b>	<b>\$ 6,160,929</b>	<b>\$ 899,764</b>	<b>17%</b>	

**SOUTHWEST GAS CORPORATION (U 905 G)**  
**RISK SPENDING ACCOUNTABILITY REPORT**  
**SOUTH LAKE TAHOE RATE JURISDICTION**  
**JANUARY 1, 2023 - DECEMBER 31, 2023**  
**SAFETY, RELIABILITY AND MAINTENANCE**

Line No.	Account Description	TY 2021 Authorized	TY 2021 Escalated to 2023	2023 Actual	Difference	%	Explanation of Variance of 15% or Greater
1	<b>Distribution</b>						
2	870 Operation Supervision & Eng	\$ 355,046	\$ 374,842	507,624	\$ 132,782	35%	The increase is due to a new position for Quality Improvement, increased labor loadings such as transportation (gasoline costs), and additional relocation and training expenses related to employee turnover. These incremental costs are critical to maintain safety and reliability of the system.
3	871 Distribution Load Dispatching	44,753	\$ 47,248	35,160	\$ (12,088)	-26%	Capital system improvements completed in the last five years have reinforced areas of the distribution system that experienced low pressures, thus requiring less focus on load dispatching.
4	874 Mains and Services Expenses	139,591	\$ 147,374	311,007	\$ 163,632	111%	Increase in field employee positions for O&M activities in Construction and Customer Service, to improve emergency response capabilities both during and after work hours. Added a full-time Damage Prevention Administrator formalized a Damage Prevention Program. Increase in line locating expenses due to new contracts, large ticket volume increase, and quality oversight. Converted employee uniforms to fire resistant (FR) material. Reallocation of supervision time charging from accounts 885, 887 and 892.
5	875 Meas & Reg Station Exp	-	\$ -	-	\$ -		
6	878 Meter and House Reg Exp	407,540	\$ 430,263	466,163	\$ 35,900	8%	
7	879 Customer Installations Exp	469,506	\$ 495,684	1,446,329	\$ 950,645	192%	Increase in charges primarily due to the new California on-call stand-by program for all Field Operations departments. All on-call employees are compensated for every hour of on-call time.
8	880 Other Expenses	243,262	\$ 256,825	(107,978)	\$ (364,803)	-142%	Approximately half of the reductions are due to credits for the California Pension Balancing Adjustment. Remaining reductions are due to transfer of utility accounts (water, electric, phone, internet, etc.) and facilities maintenance from local level to Corporate, allocation of certain maps/records expenses to corresponding capital project accounts, and efficiencies realized in Staff/Training expenses with new technology and training programs. Reductions were realized through decreased travel, hotel, and meal expenses. These changes have no negative effect on safety/maintenance programs.
9	885 Maint Supervision & Eng	39,241	\$ 41,429	44,126	2,697	7%	
10	887 Maint of Mains	604,038	\$ 637,717	273,378	(364,339)	-57%	A reduction in Non Labor, Labor, and Labor Loadings for "Other Main Leak Repair" and "Maintenance of Mains". Less than anticipated expenses for repair of main leaks as there were fewer leaks on the system. Main leaks at any given time are in the single digits. Southwest Gas' leak survey program schedule exceeds the federal requirements. These changes have no negative effect on safety/maintenance programs.
11	889 Maint of Measuring and Reg Sta	56,359	\$ 59,501	62,754	3,253	5%	
12	892 Maint of Services	94,296	\$ 99,554	242,791	143,237	144%	The increase is due to contractor expenses for mandatory leak survey work. In addition, there were increases in labor and associated labor-related loadings.
13	893 Maint of Meters & House Reg	47,458	\$ 50,104	106,424	56,320	112%	Increase in Family Meter Exchanges due to identified Families of meters not passing accuracy inspection. This program improve safety and reliability of the system.
14	894 Maint of Other Equip	-	-	-	-		
15	<b>Total Distribution</b>	<b>\$ 2,501,090</b>	<b>\$ 2,640,541</b>	<b>\$ 3,387,778</b>	<b>\$ 747,236</b>		
16	<b>Customer Service and Info</b>						
17	910 Misc. Cust Service and Info Exp	4,719	4,982	8,551	3,569	72%	Minimal usage of this account due to nearly all costs incurred to start service are captured in other accounts. This has no negative effect on safety/maintenance programs.
18	<b>Total Customer Service and Info</b>	<b>\$ 4,719</b>	<b>\$ 4,982</b>	<b>\$ 8,551</b>	<b>\$ 3,569</b>		

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Line No.	Account Description	TY 2021 Authorized	TY 2021 Escalated to 2023	2023 Actual	Difference	%	Explanation of Variance of 15% or Greater
19	<b>Administrative and General</b>						
20	930.1 General Advertising/Safety Education	\$ 31,650	\$ 33,415	15,735	\$ (17,680)	-53%	Due to the record-breaking high levels of snow in Northern California and South Lake Tahoe during 2023, Southwest Gas deployed increased safety and public awareness messaging to educate and protect the public in the area. The media sources located in Northern California also cover the South Lake Tahoe area, which resulted in South Lake Tahoe coverage at no additional cost. Unused funds from Southern California were also allocated towards Northern California to enhance the important snow safety messaging. There was no reduction in safety messaging in Southern California as a result of the reallocation.
21	<b>Total Administrative and General</b>	<b>\$ 31,650</b>	<b>\$ 33,415</b>	<b>\$ 15,735</b>	<b>\$ (17,680)</b>		
22	<b>Total South Lake Tahoe Rate Jurisdiction</b>	<b><u>2,537,459</u></b>	<b><u>2,678,938</u></b>	<b><u>3,412,063</u></b>	<b><u>733,125</u></b>	<b>27%</b>	While there are two rate jurisdictions in Northern California, Southwest Gas operates them as one area to increase efficiencies. Changes in policies and procedures can reflect differently in each rate jurisdiction and in each budget item, but as a whole, it can be seen that Southwest Gas is generally on target in the areas of safety and risk.
23	<b>Total Northern California</b>	<b><u>4,983,314</u></b>	<b><u>5,261,165</u></b>	<b><u>6,160,929</u></b>	<b><u>899,764</u></b>	<b>17%</b>	



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SAFETY, RELIABILITY AND MAINTENANCE**

Account	Description
<b>Distribution</b>	
870 Operation Supervision & Eng	This account shall include the cost of labor and expenses incurred in the general supervision and direction of distribution system operations. Direct supervision of specific activities such as load dispatching, mains operation, removing and resetting meters, etc., shall be charged to the appropriate account.
871 Distribution Load Dispatching	This account shall include the cost of labor, materials used, and expenses incurred in dispatching and controlling the supply and flow of gas through the distribution system. Labor: 1. Supervising. 2. Analyzing pressures for irregularities. 3. Collecting pressures by telephone and radio. 4. Controlling mixture of various gases to maintain proper BTU content. 5. Correspondence and records, typing, and maintaining files. 6. Controlling gas-make and inputs to distribution system. 7. Maintaining pressures at key points to divide the available gas during heavy demand periods. 8. Maintaining pressure log sheets. 9. Maintaining lowest necessary line pressures consistent with satisfactory service. 10. Rerouting gas during emergencies and planned shut downs. Materials and Expenses: 1. Consultants' fees and expenses. 2. Meals, traveling, and incidental expenses. 3. Office supplies, stationery, and printed forms. 4. Transportation: company and rented vehicles. 5. Utility services: light, water, and telephone.
874 Mains and Services Expenses	This account shall include the cost of labor, materials used, and expenses incurred in operating distributions system mains and services. Labor: 1. Supervising. 2. Walking or patrolling lines. 3. Attending valves, lubricating valves and other equipment, blowing and cleaning lines and drips, draining water from lines, and thawing freezes. 4. Taking line pressures, changing pressure charts, and operating alarm gauges. 5. Building and repairing gate boxes, foot bridges, stiles, etc., used in distribution mains operations, erecting line markers, and warning signs, etc. 6. Cleaning debris and cutting grass and weeds on rights-of-way. 7. Inspecting and testing of equipment not done specifically to determine necessity for repairs. 8. Protecting utility property during work by others. 9. Standby time of emergency crews, responding to fire calls, etc. 10. Locating and inspecting valve boxes, drip riser boxes, service lines, mains, etc. 11. Cleaning and repairing tools used in mains operations, making tool boxes, etc. 12. Cleaning structures and equipment. 13. Driving trucks used in mains and service operations. 14. Oil fogging. Materials and Expenses: 1. Line markers and warning signs. 2. Lumber, nails, etc., used in building and repairing gas boxes, foot bridges, stiles, tool boxes, etc. 3. Charts. 4. Scrubber oils. 5. Hand tools. 6. Lubricants, wiping rags, waste, etc. 7. Freight, express, parcel post, trucking, and other transportation. 8. Uniforms. 9. Employee transportation and travel expenses. 10. Janitor and washroom supplies. 11. Utility services: light, water, and telephone. 12. Gas used in mains operations. 13. Oil for fogging.
875 Meas & Reg Station Exp	This account shall include the cost of labor, materials used, and expenses incurred in operating general distribution measuring and regulating stations. Labor: 1. Supervising. 2. Recording pressures and changing charts, reading meters, etc. 3. Estimating lost meter registration, etc., except purchases and sales. 4. Taking and testing gas samples; inspecting and testing valves, regulators, gas sample tanks, and other meter engineers' equipment; and determining specific gravity and BTU content of gas. 5. Inspection and testing of equipment and instruments not done specifically to determine necessity for repairs, including pulsation tests. 6. Cleaning and lubricating equipment. 7. Keeping logs and other operating records. 8. Attending boilers and operating other accessory equipment. 9. Installing and removing district gauges for pressure survey. 10. Thawing freeze in gauge pipe. 11. Inspecting and pumping drips, dewatering manholes and pits, inspecting sumps, cleaning pits, blowing meter drips, etc. 12. Moving equipment, minor structures, etc., not in connection with maintenance or construction. Materials and Expenses: 1. Charts and printed forms, stationery and office supplies, etc. 2. Lubricants, wiping rags, and waste. 3. Uniforms. 4. Employee transportation and travel expenses. 5. Freight, express, parcel post, trucking, and other transportation. 6. Utility services: light, water, and telephone.
878 Meter and House Reg Exp	This account shall include the cost of labor, materials used, and expenses incurred in connection with removing, resetting, and servicing customer meters and housing regulators. Labor: 1. Removing, reinstalling, and servicing customer meters and house regulators: A. Periodic replacement of meters and house regulators because of age. B. Resetting meters on existing connections. C. Listing, tagging, and placing meter labels, etc., for removed and reset meters. D. Changing position of meters or house regulators on the same premises. E. Installing or removing blank linings. F. Unproductive calls, etc. 2. Other: A. Supervising. B. Inspecting and adjusting meter testing equipment. C. Driving trucks used in meter operations. Materials and Expenses: 1. Meter locks and seals. 2. Lubricants, wiping rags, waste, etc. 3. Freight, express, parcel post, trucking, and other transportation. 4. Employees' expenses.

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Account	Description
879 Customer Installations Exp	This account shall include the cost of labor, materials used, and expenses incurred in work on customer premises other than expenses includible in account 87800 0000, Meter and House Regulator Expense, including the cost of servicing customer-owned appliances. Labor: 1. Supervising. 2. Altering customer-owned service extensions or meter connections. 3. Investigating and correcting pressure difficulties or stoppages in customer-owned piping. 4. Adjusting and repairing burner pilots because of impurities in the gas or failure of the distribution system. 5. Oiling or spraying noisy customer meters. 6. Inspecting new installations to determine that the customers' equipment and piping are properly installed and connected. 7. Consolidating meter installations, without change of size, due to elimination of separate meters for different service classifications. 8. Investigating and adjusting complaints of service on customers' premises. 9. Gas load surveys including the incidental preparations and replacement of meters. 10. Unproductive calls. 11. Stenographic and clerical work. 12. Janitorial services, etc. 13. Installing demand or test meters. 14. Inspecting, cleaning, repairing, and adjusting customer-owned appliances for domestic use, including house heating furnaces and other space heating appliances. Materials and Expenses: 1. Lubricants, wiping rags, waste, etc. 2. Uniforms. 3. Replacement parts for appliances. 4. Office supplies, printing, and stationery. 5. Janitor, washroom, first aid supplies, etc. 6. Employees' transportation and travel expenses. 7. Utility services: light, water, and telephone.
880 Other Expenses	This account shall include the cost of distribution office expenses and the cost of labor and materials used and expenses incurred in distribution systems operations not provided for elsewhere, including the expenses in operating street lighting systems and research, development, and demonstration expenses.
885 Maint Supervision & Eng	This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of distribution system facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts.
887 Maint of Mains	This account shall include the cost of labor, materials used, and expenses incurred in the maintenance of distribution mains. Items: 1. Supervising. 2. Trenching, backfilling, and breaking and restoring pavement in connection with the installation of reinforcing clamps. 3. Work performed as the result of municipal improvements, such as street widening, sewers, etc., where the gas mains are not retired. 4. Municipal inspections relating to maintenance work. 5. Other work of the following character: A. Cutting off mains without replacement (minor cuts not retired). B. Bringing main valve box, main drip riser box, valve test pipe box, or pressure pipe roadway box up to grade. C. Cleaning, repainting, coating, and wrapping exposed mains. D. Repacking main valves. E. Locating and clearing gas main faults. F. Lowering and changing location of mains. G. Watching and lamping open cuts associated with maintenance. H. Restoration of permanent pavement in connection with work chargeable to maintenance. I. Emergency stand-by time associated with maintenance. J. Repairing sewers, drains, walls, etc., when damaged by maintenance work. K. Repairing property of others damaged by maintenance work.
889 Maint of Measuring and Reg Sta	This account shall include the cost of labor, materials used, and expenses incurred in the maintenance of regulating station equipment.
892 Maint of Services	This account shall include the cost of labor, materials used, and expenses incurred in the maintenance of services. 1. Supervising. 2. Testing for, locating, and clearing trouble on company maintained services. 3. Inspecting and testing after repairs have been made. 4. Reporting on the condition of gas services to determine the need for repairs. 5. Making minor repairs and changes. 6. Repairing service valves for reuse. 7. Lowering and raising curb boxes to grade. 8. Replacing less than a complete service when not retired. 9. Installing fittings, valves, drips, and frost protection devices or replacing similar items on existing services. 10. Cutting and replacing pavement, pavement base, and sidewalks in connection with maintenance work. 11. Repairing property of others damaged by maintenance work. 12. Transferring services in connection with the installation of new mains. 13. Installing, maintaining, and removing temporary facilities to prevent the interruption of service. 14. Converting low pressure gas distribution service to medium or high pressure service. 15. Relocating and rerouting gas service temporarily during alterations of buildings. 16. Performing work resulting from municipal improvements, such as street widening, sewer, etc. 17. Replacing service valve box or drip riser box. 18. Installing, removing or replacing service valve. 19. Repacking service valve.
893 Maint of Meters & House Reg	This account shall include the cost of labor, materials used, and expenses incurred in the maintenance of meters and house regulators. Items: 1. Inspecting and testing meters and house regulators on customer's premises in connection with repairs. 2. Cleaning, repairing, and painting meters and house regulators, including accessories and equipment. 3. Replacing or adding any item not constituting a retirement unit.
894 Maint of Other Equip	□ This account shall include the cost of labor, materials used, and expenses incurred in the maintenance of street lighting equipment and all other distribution system equipment not provided for elsewhere.

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Account	Description
<b>Customer Service and Info</b>	
910 Misc. Cust Service and Info Exp	This account shall include the cost of labor, materials used, and expenses incurred in connection with customer service and informational activities which are not includible in other customer information expense accounts. Labor: 1. General clerical and stenographic work not assigned to specific customer service and information programs. 2. Miscellaneous labor. Materials and Expenses: 1. Communication service. 2. Printing, postage, and office supplies expenses.
<b>Administrative and General</b>	
930.1 General Advertising/Safety Education	This account shall include the cost of labor, materials used, and expenses incurred in advertising and related activities, the cost of which by their content and purpose are not provided for elsewhere. Labor: 1. Supervision. 2. Preparing advertising material for newspapers, periodicals, billboards, etc., and preparing or conducting motion pictures, radio, and television programs. 3. Preparing booklets, bulletins, etc., used in direct mail advertising. 4. Preparing window and other displays. 5. Clerical and stenographic work. 6. Investigating and employing advertising agencies, selecting media, and conducting negotiations in connection with the placement and subject matter of advertising. Materials and Expenses: 1. Advertising in newspapers, periodicals, billboards, radio, etc. 2. Advertising matter such as posters, bulletins, booklets, and related items. 3. Fees and expenses of advertising agencies and commercial artists. 4. Postage and direct mail advertising. 5. Printing of booklets, dodgers, bulletins, etc. 6. Supplies and expenses in preparing advertising materials. 7. Office supplies and expenses.