

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

Southwest Gas Storage Company § Docket No. RP07-____-000

**PREPARED DIRECT TESTIMONY
OF
RICKEY J. BROCATO**

1 **Q. Please state your name and business address.**

2 A. My name is Rickey J. Brocato. My business address is 5444 Westheimer Road,
3 Houston, Texas 77056.

4 **Q. By whom are you employed?**

5 A. I am employed by Panhandle Eastern Pipe Line Company, LP ("Panhandle") as
6 Manager of Cost of Service in the Rates and Regulatory Affairs Department. In
7 addition to Panhandle, I have the same position with the other pipeline companies
8 of the Panhandle Energy pipeline group which include Florida Gas Transmission
9 Company, LLC ("Florida Gas"), Sea Robin Pipeline Company, LLC ("Sea
10 Robin"), Southwest Gas Storage Company, ("Southwest Gas Storage"), Trunkline
11 Gas Company, LLC ("Trunkline") and Trunkline LNG Company, LLC.

12 **Q. How long have you been employed by the Panhandle system?**

13 A. Since December 1974.

14 **Q. Please describe your employment history with the Panhandle system.**

15 A. I joined Texas Eastern Transmission Corporation as a Junior Accountant in the
16 Controllers department in December 1974. I was subsequently promoted to the

1 positions of Accountant, Senior Accountant, Assistant Supervisor and Supervisor
2 in that department. With the merger of Texas Eastern with Panhandle Eastern
3 Corporation, I assumed the position of Supervisor of Cost of Service in the
4 Regulatory Affairs department. In August 1990, I assumed my present position
5 as Manager of Cost of Service. I assumed that function for Florida Gas
6 Transmission Company, LLC with the acquisition of the CrossCountry Energy
7 pipelines from Enron Corp. by Southern Union Company in November 2004.

8 **Q. What are your present duties?**

9 A. My present duties include supervising the preparation of Cost of Service studies,
10 and presentations as required for regulatory proceedings by Southwest Gas
11 Storage.

12 **Q. What is your educational background?**

13 A. I graduated from Louisiana Tech University in 1974 with a Bachelor of Science
14 degree in Accounting.

15 **Q. Have you previously submitted testimony before the Federal Energy
16 Regulatory Commission (Commission)?**

17 A. Yes. My most recent testimony was submitted in Trunkline Gas Company, Docket
18 No. RP96-129-000, Transwestern Pipeline Company, LLC, in Docket No. RP06-
19 614-000, Southwest Gas Storage Company in Docket No. RP07-34-000, and Sea
20 Robin Pipeline Company, LLC in Docket No. RP07-513-000.

21 **Q. What is the scope of your testimony in this proceeding?**

22 A. I will testify to the following areas:

- 1 1) Gas Plant;
- 2 2) Accumulated Provision for Depreciation;
- 3 3) Working Capital; and
- 4 4) Taxes Other Than Income.

5 **Q. What Exhibits are you responsible for in this proceeding?**

6 A. I am responsible for the following exhibits and schedules which support my
7 testimony and have been prepared by me or under my supervision:

8	<u>Exhibit No.</u>	<u>Reference</u>	<u>Description</u>
9	SGS-47	Statement C	Gas Plant
10	SGS-48	Statement D	Accumulated Provision for
11			Depreciation, Depletion and
12			Amortization
13	SGS-49	Statement E	Working Capital
14	SGS-50	Statement H(4)	Other Taxes

15 **Q. What is the Total Cost of Plant in this proceeding?**

16 A. Southwest Gas Storage supports \$265,959,493 as the Total Cost of Plant. This
17 reflects the Gas Plant balances ended April 30, 2007 adjusted for known and
18 measurable changes which are expected to occur during the nine months
19 succeeding the end of the Base Period, through January 31, 2008 ("Adjustment
20 Period"). Page 1 of my Exhibit No. SGS-47 shows by primary account the Gas
21 Plant balance at the end of the Base Period, plus the necessary adjustments to
22 arrive at the adjusted balance at the end of the Adjustment Period. Page 6 of this
23 exhibit summarizes the adjustments to Gas Plant.

1 **Q. What adjustments did you make to Gas Plant?**

2 A. The total of the adjustments is a \$26,337,162 increase, as shown on Page 1 at
3 Line 6, Column (f) of Exhibit No. SGS-47. These adjustments reflect additions,
4 retirements and transfers of Gas Plant projected for the Adjustment Period.

5 **Q. What are the various Gas Plant adjustments you have made as shown on**
6 **Exhibit No. SGS-47?**

7 A. The adjustments, as summarized at Page 6 of my exhibit are as follows:
8 Adjustment No. 1 transfers amounts recorded in Account No. 106 - Completed
9 Construction Not Classified, at April 30, 2007 to Gas Plant in Service, Account
10 No. 101; Adjustment No. 2 records to Account No. 101 - Gas Plant in Service,
11 the expenditures projected to be placed in service during the Adjustment Period,
12 including actual amounts included in Account No. 107 - Construction Work in
13 Progress as of April 30, 2007. Adjustment No. 3 reflects the reclass of Base Gas
14 Recoverable as Base Gas Non-Recoverable; and, Adjustment No. 4 reflects the
15 addition of Base Gas Recoverable per Docket CP07-69-000 filed with the
16 Commission on January 26, 2007, and as shown on Mr. Langston's Exhibit No.
17 SGS-15.

18 **Q. Please describe the type of projects contained in Adjustment No. 2?**

19 A. These projects are approved work orders that have capital dollars budgeted for
20 construction and are estimated to be in service during the Adjustment Period
21 ending January 31, 2008.

1 **Q. Have you made an adjustment regarding the reclassification of base gas**
2 **from recoverable to non-recoverable and the addition of base gas at the**
3 **North Hopeton Storage Field?**

4 A. Yes. As shown on my Exhibit No. SGS-47, Page 12, Lines 19 and 20, Column
5 (e), the base gas storage volume to be reclassified from recoverable base gas to
6 non-recoverable base gas is 26,617,738 Mcf. This volume was provided to me
7 by Southwest Gas Storage witness Ms. Benson. This reclass transfers
8 \$28,128,369 from Account No.117, Recoverable/Cushion Gas to Gas Plant in
9 Service Account No. 101, Utility Account 352.30, Non-Recoverable Natural Gas.
10 This adjustment can be seen on Exhibit No. SGS-47, Page 6, Lines 3 and 6 as
11 well as on Exhibit No. SGS-47, Page 2, Line 15, Column (f).

12 **Q. Describe the allocation of base gas volumes and costs to reflect the**
13 **reclassification of base gas recommended by Southwest Gas Storage witness**
14 **Ms. Benson.**

15 A. Southwest Gas Storage maintains and records the base gas volumes (both
16 recoverable and non-recoverable) and associated cost for each of its storage fields
17 on its books. The volumes are shown in Columns (a) and (c) of Exhibit No.
18 SGS-47, Page 12 and the original cost to acquire the base gas volumes are shown
19 in Column (b) and (d). Ms. Benson furnished the non-recoverable adjustment
20 volumes for each storage field as shown in her Exhibit No. SGS-17. These
21 volumes are shown in Column (e). The costs associated with the adjustment
22 volumes are reflected in Column (f). These amounts were derived by multiplying

1 the adjustment volumes in Column (e) by the average unit price of base gas
2 recoverable (Column (b) divided by (a)) for each storage field. The resulting
3 base gas recoverable, as adjusted, is shown in Columns (g) and (h). The base gas
4 non-recoverable, as adjusted, is shown in Columns (i) and (j).

5 **Q. What is the resulting accounting required to reclassify the base gas?**

6 A. The Commission's Uniform System of Accounts requires recoverable base gas to
7 be included in Account No. 117. Special instructions to Account 117.1 in the
8 Commission's Uniform System of Accounts provide that volumes that are non-
9 recoverable but are used to maintain pressure and deliverability should be
10 recorded in Gas Plant Account No. 352.3, Non-recoverable Natural Gas. When
11 base gas is determined to be non-recoverable, the original cost of the base gas is
12 reclassified to Account No. 101, Gas Plant In Service. As shown on Exhibit No.
13 SGS-47, Page 6, Lines 3 and 6, Column (a), \$28,128,369 of base gas is
14 reclassified from Account No. 117 to Account No. 101.

15 **Q. What are the cost of service implications of this adjustment?**

16 A. The base gas that was acquired to develop the storage fields and maintain
17 working storage capacity is included in rate base and the pipeline is permitted to
18 earn a return on its investment. As Ms. Benson has shown, 26,617,738 Mcf of
19 the base gas in Southwest Gas Storage's four storage fields is no longer
20 recoverable and should be transferred to Account No. 352.30, a sub-account of
21 Gas Plant No. 101. When a component of base gas is determined to be non-
22 recoverable, the cost is transferred to Gas Plant Account No. 101 to be

1 depreciated with other storage assets. The cost of base gas in Gas Plant Account
2 No. 117 is not depreciated because it is assumed that these volumes can be
3 recovered when the storage field is abandoned.

4 **Q. Describe the adjustment for the acquisition of additional base gas at the**
5 **North Hopeton Storage Field?**

6 A. Southwest Gas Storage utilized the amount reflected in Docket No. CP07-69-000.
7 The derivation of this adjustment is shown on Mr. Langston's Exhibit No. SGS-
8 15. As reflected on Exhibit No. SGS-47, page 6, the additional base will be
9 added to Account No. 117. The amount of \$22,536,000 is shown on Exhibit No.
10 SGS-47, Page 6, Line 7, in Column (b).

11 **Q. What is the total Accumulated Provision for Depreciation, Depletion and**
12 **Amortization that Southwest Gas Storage proposes as part of its Rate Base?**

13 A. The Total Accumulated Provision for Depreciation, Depletion and Amortization
14 is \$122,879,458 and is summarized in Exhibit No. SGS-48, Page 1. The Base
15 Period Balance at April 30, 2007 shown in Column (e) is adjusted with
16 adjustments in Column (f) for the Adjustment Period ended January 31, 2008.
17 Column (e), the total per book reserve at the end of the April 30, 2007, is added
18 to Column (f), to obtain the total Accumulated Provision, as adjusted, which is
19 shown in Column (g).

20 **Q. What adjustments did you make to the Accumulated Provision for**
21 **Depreciation shown in Exhibit No. SGS-48?**

1 A. Adjustment No. 1, as shown on Page 3 of Exhibit No. SGS-48, totaling
2 \$4,115,740, reflects Depreciation and Amortization of Gas Plant projected to be
3 recorded during the Adjustment Period.

4 **Q. Have you prepared an exhibit showing the amount of Working Capital that**
5 **should be included in Rate Base?**

6 A. Yes. I have prepared Exhibit No. SGS-49, which sets forth the working capital
7 components for Materials and Supplies and Prepayments in the amount of
8 \$168,873. The Materials and Supplies (M&S) component, \$108,241, detailed on
9 Page 2 of my Exhibit No. SGS-49, is the 13-month average of the actual balances
10 during the period April 2006 through April 2007. Page 3 of this Exhibit shows
11 the determination of the Rate Base requirement claimed for Prepayments,
12 \$60,632. Prepayments were also derived on a 13-month average of the actual
13 balances during the Period April 2006 through April 2007. This 13-month
14 average is representative of the Working Capital balance for the Adjustment
15 Period.

16 **Q. Do the proposed amounts for Gas Plant, Accumulated Depreciation,**
17 **Depletion and Amortization and Working Capital reflect consistent**
18 **treatment?**

19 A. Yes, the most recent actual account balances and known and measurable data was
20 used to compile these components.

21 **Q. Have you prepared an exhibit showing the amount of Taxes Other Than**
22 **Income Taxes that should be included in the Cost of Service?**

1 A. Yes. I have prepared Exhibit No. SGS-50, which sets forth adjusted tax expense
2 by type of tax and taxing authority.

3 **Q. What is the total amount claimed for Taxes Other Than Income Taxes?**

4 A. \$3,606,658, as shown on my Exhibit No. SGS-50, Page 1, Line 5, Column (c).

5 **Q. What is the amount of Ad Valorem Taxes?**

6 A. The amount of Ad Valorem Taxes is \$3,182,611. This amount is shown by state
7 on Page 2 of my Exhibit No. SGS-50.

8 **Q. How were Ad Valorem Taxes computed?**

9 A. To compute Ad Valorem Taxes, the estimated assessment ratios and applicable
10 tax rates for 2007 were applied to the fair market value of assets subject to
11 property taxes in each state. The Ad Valorem tax expense is based on the
12 updated Gas Plant investment at January 31, 2008 as reflected in my Exhibit No.
13 SGS-47. As shown on Exhibit No. SGS-50, Page 2, the overall result is a
14 \$296,624 increase in the amount of Ad Valorem Taxes.

15 **Q. What is the amount of Payroll Taxes?**

16 A. \$175,492 of Payroll Taxes are included in the adjusted Cost of Service, as
17 detailed on Page 3 of my Exhibit No. SGS-50. Federal Insurance Contribution
18 Act Taxes were adjusted by \$6,112 for Social Security Taxes and \$2,569 for
19 Medicare Taxes, to reflect the adjustment to operation and maintenance labor
20 expenses as shown on Page 2 of Mr. Biediger's Exhibit No. SGS-39. Federal and
21 State Unemployment Taxes reflect the actual amounts recorded on the books and
22 records of the Company for the twelve months ended April 30, 2007.

1 **Q. What is the amount of Miscellaneous Taxes?**

2 A. \$248,555 of Miscellaneous Taxes for Franchise Taxes and the Michigan Single
3 Business Tax are reflected in the adjusted Cost of Service, as detailed on Page 4
4 of my Exhibit No. SGS-50. This is the actual amount incurred for the twelve
5 months ended April 30, 2007. These are the expected representative tax levels
6 for miscellaneous taxes.

7 **Q. What effect did the adjustments which you described have on the amount**
8 **claimed for Taxes Other Than Income Taxes?**

9 A. The net of the adjustments described above and shown on Page 1 of Exhibit No.
10 SGS-50, results in an increase of \$305,305 over the actual expense per books of
11 \$3,301,353 to arrive at the amount claimed in the Cost of Service of \$3,606,658.

12 **Q. Does this complete your prepared direct testimony?**

13 A. Yes, it does.

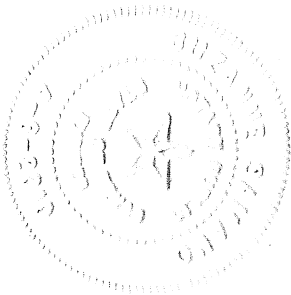
The State of Texas} SS.
County of Harris }

BEFORE ME, the undersigned authority, on this day personally appeared
Rickey J. Brocato, who being by me first duly sworn, on oath deposes and says:

That he is the Rickey J. Brocato, offering the foregoing prepared direct testimony
and that all statements of fact contained therein are true and correct to the best of his
knowledge, information and belief.

Rickey J. Brocato
Rickey J. Brocato

Subscribed and sworn to before me this 27th day of July, 2007.



Suzanne Samano
Notary Public

My Commission Expires:

April 6, 2010

SOUTHWEST GAS STORAGE COMPANY

Cost of Plant
Twelve Months Ended April 30, 2007, As Adjusted

Line No.	Description	Account No.	Schedule Reference	Balance at 4/30/2006 (a)	Additions (b)	Reductions (c)	Other Changes (d)	Balance at 4/30/2007 (e)	Adjustments (f)	Adjusted Balance (g)
1	Gas Plant in Service	101	C-1	\$ 144,815,995	\$ 105,541	\$ (52,126)	\$ 912,698	\$ 145,782,108	\$ 39,523,653	\$ 185,305,761
2	Gas Plant Purchased or Sold	102	C-1	-	-	-	-	-	-	-
3	Gas Plant Held for Future Use	105	C-1	-	-	-	-	-	-	-
4	Completed Construction - Not Classified	106	C-1	6,889,462	1,525,362	-	(820,702)	7,594,122	(7,594,122)	-
5	Recoverable/Cushion Gas	117.0	C-1	86,246,101	-	-	-	86,246,101	(5,592,369)	80,653,732
6	Total Plant Accounts - 101, 102, 105, 106, and 117			237,951,558	1,630,903	(52,126)	91,996	239,622,331	26,337,162	265,959,493
7	Construction Work in Progress	107	C-1	113,093	-	-	1,970,405	2,083,498	(2,083,498)	-
8	Total Cost of Plant			\$ 238,064,651	\$ 1,630,903	\$ (52,126)	\$ 2,062,401	\$ 241,705,829	\$ 24,253,664	\$ 265,959,493

SOUTHWEST GAS STORAGE COMPANY

Account 101 - Gas Plant In Service By Plant Account
Twelve Months Ended April 30, 2007, As Adjusted

Line No.	FERC Account No.	Description	Balance at 04/30/2006 (a)	Additions (b)	Reductions (c)	Other Changes (d)	Balance at 04/30/2007 (e)	Adjustments Sched. C-1.1 (f)	Adjusted Balance (g)
1	303.10	Computer Software	\$ 81,817	\$ -	(2,665)	\$ 34,383	\$ 113,535	\$ 367,987	\$ 481,522
2		Sub-Total - Intangibles	81,817	-	(2,665)	34,383	113,535	367,987	481,522
3	350.10	Land Owned in Fee	301,120	-	-	-	301,120	-	301,120
4	350.21	Rights-of-Way	336,405	-	-	-	336,405	-	336,405
5	351.10	Well Structures	73,537	-	-	-	73,537	-	73,537
6	351.20	Compressor Station Structures	8,181,096	-	-	-	8,181,096	12,345	8,193,441
7	351.30	Meas. & Reg. Station Structures	620,962	-	-	-	620,962	-	620,962
8	351.40	Other Structures Storage	2,645,456	-	-	-	2,645,456	18,926	2,664,382
9	352.01	Storage Wells-Well Construct	24,175,465	-	-	-	24,175,465	624,854	24,800,319
10	352.02	Storage Wells-Well Equipment	15,601,965	-	-	-	15,601,965	86,517	15,688,482
11	352.11	Storage Rights	2,472,154	-	-	-	2,472,154	-	2,472,154
12	352.12	Leaseholds	24,030	-	-	-	24,030	-	24,030
13	352.13	Gas Rights	711,007	-	-	-	711,007	-	711,007
14	352.21	Reservoirs	16,837,768	-	-	-	16,837,768	-	16,837,768
15	352.30	Nonrecoverable Natural Gas	8,762,277	-	-	-	8,762,277	28,128,369	36,890,646
16	353.00	Lines	23,410,530	-	-	295,760	23,706,290	6,239,679	29,945,969
17	354.00	Compressor Station Equipment	34,122,514	-	(49,461)	524,942	34,597,995	3,838,088	38,436,083
18	354.05	CS Engine Components-5 yr	-	10,489	-	-	10,489	-	10,489
19	354.10	Meas. & Reg. Station Equipment	3,961,450	72,579	-	-	3,961,450	91,545	4,052,995
20	355.00	CS Engine Components-10 yr	-	-	-	-	-	-	-
21	356.00	Purification Equipment	1,723,926	-	-	-	1,723,926	-	1,723,926
22	357.00	Other Equipment Miscellaneous	643,525	-	-	-	643,525	45,132	688,657
23		Sub-Total - Storage	144,605,187	83,068	(49,461)	820,702	145,459,496	39,085,255	184,544,751
24	391.00	Office Furniture & Equipment	6,702	-	-	-	6,702	-	6,702
25	391.10	Computer Equipment Owned	4,032	-	-	-	4,032	-	4,032
26	394.00	Tools Shop & Garage Equipment	118,257	22,473	-	57,613	140,730	23,237	163,967
27	396.00	Power Operated Equipment	-	-	-	-	-	47,174	47,174
28		Sub-Total - General	128,991	22,473	-	57,613	209,077	70,411	279,488
29		Total	144,815,995	105,541	(52,126)	912,688	145,782,108	39,523,653	185,305,761

SOUTHWEST GAS STORAGE COMPANY

Account 106 - Completed Construction Not Classified
Twelve Months Ended April 30, 2007, As Adjusted

Line No.	FERC Account No.	Description	Balance at 04/30/2006 (a)	Additions (b)	Reductions (c)	Other Changes (d)	Balance at 04/30/2007 (e)	Adjustments Sched. C-1.1 (f)	Adjusted Balance (g)
1	303.10	Computer Software	\$ 367,987	\$ -	\$ -	\$ -	\$ 367,987	\$ (367,987)	\$ -
2		Sub-Total - Intangibles	367,987	-	-	-	367,987	(367,987)	-
3	350.10	Land Owned in Fee	-	-	-	-	-	-	-
4	350.21	Rights-of-Way	-	-	-	-	-	-	-
5	351.10	Well Structures	-	-	-	-	-	-	-
6	351.20	Compressor Station Structures	-	8,198	-	-	8,198	(8,198)	-
7	351.30	Meas. & Reg. Station Structures	-	-	-	-	-	-	-
8	351.40	Other Structures Storage	18,926	-	-	-	18,926	(18,926)	-
9	352.01	Storage Wells-Well Construct	624,654	-	-	-	624,654	(624,654)	-
10	352.02	Storage Wells-Well Equipment	46,585	39,932	-	-	86,517	(86,517)	-
11	352.11	Storage Rights	-	-	-	-	-	-	-
12	352.12	Leaseholds	-	-	-	-	-	-	-
13	352.13	Gas Rights	-	-	-	-	-	-	-
14	352.21	Reservoirs	-	-	-	-	-	-	-
15	352.30	Nonrecoverable Natural Gas	-	-	-	-	-	-	-
16	353.00	Lines	3,462,386	-	-	(285,269)	3,952,542	(3,952,542)	-
17	354.00	Compressor Station Equipment	2,324,757	775,425	-	(535,433)	2,328,410	(2,328,410)	-
18	354.05	CS Engine Components-5 yr	-	539,086	-	-	-	-	-
19	354.10	CS Engine Components-10 yr	-	-	-	-	-	-	-
20	355.00	Meas. & Reg. Station Equipment	34,150	57,395	-	-	91,545	(91,545)	-
21	356.00	Purification Equipment	-	-	-	-	-	-	-
22	357.00	Other Equipment Miscellaneous	3,447	88,659	-	(47,174)	44,932	(44,932)	-
23		Sub-Total - Storage	6,514,905	1,508,695	-	(867,876)	7,155,724	(7,155,724)	-
24	391.00	Office Furniture & Equipment	-	-	-	-	-	-	-
25	391.10	Computer Equipment Owned	-	-	-	-	-	-	-
26	394.00	Tools Shop & Garage Equipment	6,570	16,667	-	-	23,237	(23,237)	-
27	396.00	Power Operated Equipment	-	-	-	47,174	47,174	(47,174)	-
28		Sub-Total - General	6,570	16,667	-	47,174	70,411	(70,411)	-
29		Total	6,889,462	1,525,362	-	(820,702)	7,594,122	(7,594,122)	-

SOUTHWEST GAS STORAGE COMPANY

Account 107 - Construction Work In Progress
Twelve Months Ended April 30, 2007, As Adjusted

Line No.	FERC Account No.	Description	Balance at 4/30/2006 (a)	Additions (b)	Reductions (c)	Other Changes (d)	Balance at 4/30/2007 (e)	Adjustments Sched. C-1.1 (f)	Adjusted Balance (g)
<u>Construction Work in Progress</u>									
1	107.00	Total Account 107	\$ 113,093	\$ -	\$ -	\$ 1,970,405	\$ 2,083,498	\$ (2,083,498)	\$ -

SOUTHWEST GAS STORAGE COMPANY

Account 117.0 - Recoverable/Cushion Gas
Twelve Months Ended April 30, 2007, As Adjusted

Line No.	FERC Account No.	Description	Balance at 04/30/2006 (a)	Additions (b)	Reductions (c)	Other Changes (d)	Balance at 04/30/2007 (e)	Adjustments Sched. C-1.1 (f)	Adjusted Balance (g)
		<u>Recoverable/Cushion Gas</u>							
1	117.00	Total Account 117.00	\$ 86,246,101	\$ -	\$ -	\$ -	\$ 86,246,101	\$ (5,592,369)	\$ 80,653,732

SOUTHWEST GAS STORAGE COMPANY

Description of Adjustments to Cost of Plant
Twelve Months Ended April 30, 2007, As Adjusted

Line No.	Description	Reference	Total (a)	Storage (b)	Functionalization	
					General (c)	Intangible (d)
	<u>Account 101</u>					
	<u>Adjustment No. 1</u>					
	To transfer Completed Construction					
1	Account 106 to Gas Plant In Service	Sch. C-2(1)	\$ 7,594,122	\$ 7,155,724	\$ 70,411	\$ 367,987
	<u>Adjustment No. 2</u>					
	To provide for the completion of construction					
2	projects in Account 107 during the Test Period	Sch. C-2(2)	3,801,162	3,801,162	-	-
	<u>Adjustment No. 3</u>					
	To reclass Base Gas Recoverable as					
3	Base Gas - Non Recoverable	Sch. C-2(3)	28,128,369	28,128,369	-	-
4	Total Account 101		39,523,653	39,085,255	70,411	367,987
	<u>Account 106</u>					
	To transfer Completed Construction - Account 106					
5	to Gas Plant In Service	Sch. C-2(1)	(7,594,122)	(7,155,724)	(70,411)	(367,987)
	<u>Account 117</u>					
	To reclass Base Gas Recoverable as					
6	Base Gas - Non Recoverable	Sch. C-2(3)	(28,128,369)	(28,128,369)	-	-
	Purchase of Base Gas Recoverable					
7	for North Hopeton Storage Field	Sch. C-2(4)	22,536,000	22,536,000	-	-
8	Total Account 117		(5,592,369)	(5,592,369)	-	-
9	Total Adjustments		\$ 26,337,162	\$ 26,337,162	\$ -	\$ -

SOUTHWEST GAS STORAGE COMPANY

Account 106 - Completed Construction Not Classified
For the Period Ended April 30, 2007, As Adjusted

Line No.	Work Order Number	Description	Claimed Balance in Account 106 4/30/2007 (a)	Functionalization		
				Storage (b)	General (c)	Intangible (d)
1	011253	20" Receiver	\$ 155,467	\$ 155,467	-	-
2	011261	Connect PFAU1-35 TO Storage System	10,090	10,090	-	-
3	011263	2500' Horizontal, PFAU1-35	624,654	624,654	-	-
4	011288	Groundbed @ Borchers #11	6,455	6,455	-	-
5	011289	Rectifier & Groundbed/KUHNS3-7	27,272	27,272	-	-
6	011290	2 Pumps & Heat Trace/B-TEX Unit	9,047	9,047	-	-
7	011293	Battery/Communication Tower	6,536	6,536	-	-
8	011294	Engine Belterments	3,164	3,164	-	-
9	011296	Fuel Block & Valves E-1601&2	11,323	11,323	-	-
10	011298	320 ft 8in Vertline Lateral	119,473	119,473	-	-
11	011299	Rotork Operator On W8	7,798	7,798	-	-
12	011300	Engine Foundation - W8	354,251	354,251	-	-
13	011301	Groundbed McGill 1-23	4,730	4,730	-	-
14	011302	Engine Belterment	91,148	91,148	-	-
15	011303	Install 300' #6 Power Supply	8,175	8,175	-	-
16	011304	UPS System On 2401 & 2405	2,468	2,468	-	-
17	011305	6" Plug Valve @ CARR3-9	4,601	4,601	-	-
18	011306	Variable Freq Drives	2,201	2,201	-	-
19	011308	300ft - 6" Pipe Various Lines	374,577	374,577	-	-
20	011311	Engine Belterment	99,631	99,631	-	-
21	011314	2" Regulator Fuel Gas #1 & #2	15,965	15,965	-	-
22	011315	2" Regulator - Starting Gas	12,971	12,971	-	-
23	011316	Groundbed/PFLIDER 1-27	4,951	4,951	-	-
24	011317	Groundbed EDG 42.0A	11,606	11,606	-	-
25	011318	Ignition System Unit 3405	12,350	12,350	-	-
26	011319	Groundbed/Borchers #7	14,607	14,607	-	-
27	011321	Beta-Trap Engine Balancer	10,160	10,160	-	-
28	011322	Engine Belterment/Borchers & Hopeion	50,717	50,717	-	-
29	011323	Compressor Poppet Valves/E-2402	17,880	17,880	-	-
30	011324	Groundbed & Rectifier @ BR #17	12,397	12,397	-	-
31	011325	Altronic Ignition/ E-1603	24,448	24,448	-	-
32	011330	Install Gas Filtration/BARTEL 1-5 Well	80,387	80,387	-	-
33	011331	2-3/8" Tubing @ Mackey 2-15	46,585	46,585	-	-
34	011333	Piping 4.5" - 2700ft 2" - 1810ft	336,024	336,024	-	-
35	011334	378 ft Pipe @ Howell Storage Field	174,996	174,996	-	-
36	011335	Rotork Operator on W3	6,658	6,658	-	-
37	011336	40ft-3.5" Pipe/Waverly Storage	10,707	10,707	-	-
38	011337	Engine Components @ N.Hope	367,487	367,487	-	-
39	011338	1 3/8" CAPILPER Logging Tool	6,570	-	6,570	-
40	011392	Waverly Anomaly Install Pipe	1,131,092	-	-	-
41	011393	Install Absorber Filter Ca	25,911	1,131,092	-	-
				25,911	-	-

SOUTHWEST GAS STORAGE COMPANY

Account 106 - Completed Construction Not Classified
For the Period Ended April 30, 2007, As Adjusted

Line No.	Work Order Number	Description	Claimed Balance In Account 106 4/30/2007 (a)	Functionalization		
				Storage (b)	General (c)	Intangible (d)
42	011395	Install Secondary Containment Structure	\$	\$	-	-
43	011396	Install Loading Valve on W10	16,816	16,816	-	-
44	011397	Install Ground Bed at Borchers	5,899	5,899	-	-
45	011398	Groundbed @ Mackey 3-22	5,493	5,493	-	-
46	011399	Groundbed @ Wilson 1-10	10,948	10,948	-	-
47	011400	Install Explosion Proof Phones	2,238	2,238	-	-
48	011401	Install Explosion Proof Phones	1,099	1,099	-	-
49	011404	Logging tools	16,667	-	16,667	-
50	011406	Install Deep Well Groundbed @ Melech	75,541	-	-	-
51	011408	Install/Purchase Small Tools	3,447	3,447	-	-
52	011409	Install Ignition System - W10	17,472	17,472	-	-
53	011411	Install Poppel Valves - W4	38,270	38,270	-	-
54	011412	Install Suction Loading Line on W-3	39,128	39,128	-	-
55	011413	Install Reflux Condenser	18,926	18,926	-	-
56	011414	Install one Grove 6" Ball Va	13,583	13,583	-	-
57	011416	Install Discharge Loading Vi	8,505	8,505	-	-
58	011417	Install Meeco Dewpoint Analyzer	37,102	37,102	-	-
59	011418	Install Major Engine Component	107,813	107,813	-	-
60	046005	Messenger Redesign/Enhance	345,993	-	-	345,993
61	046626	Develop & Install ORACLE	18,557	-	-	18,557
62	046664	TIBCO Software	2,548	-	-	2,548
63	046862	Upgrade Server & Desktop Notes 6	889	-	-	889
64	200002	Install Valve Operator - W3	8,598	-	-	-
65	200004	Install How Generator/Trans Switch	286,501	286,501	-	-
66	200005	Install Electric Hoist	3,583	3,583	-	-
67	200006	Install Saltwater Line	57,440	57,440	-	-
68	200007	Install 12" Launcher Viv-HOW PGS	18,411	18,411	-	-
69	200008	Install Eng Belterments - SWG - MI	13,400	13,400	-	-
70	200009	Install Eng Belterments - SWG - IL	30,708	30,708	-	-
71	200010	Install How Com #2 Cathodic Unit	1,356	1,356	-	-
72	200011	Install Pipe at Borchers Anomaly	138,714	138,714	-	-
73	200012	Install Federal Alarm System	7,411	7,411	-	-
74	200013	Install Pipe Howell Storage Anomaly	437,175	437,175	-	-
75	200016	Standby Equip-Central-Liberal-KS	42,420	42,420	-	-
76	200018	Install Groundbed & Rect #6	17,104	17,104	-	-
77	200019	Install Pipe Borchers Anomaly	334,526	334,526	-	-
78	200024	Install Automatic Blow Down Valves - W8	15,668	15,668	-	-
79	200025	Install Chrtl on Overpressure Protection	3,307	3,307	-	-
80	200026	Install Groundbed & Rectifier - Rect#12	23,037	23,037	-	-
81	200027	Install Controller - W8 Panel	3,307	3,307	-	-
82	200028	Install Sound Level Detector	1,132	1,132	-	-

SOUTHWEST GAS STORAGE COMPANY

Account 106 - Completed Construction Not Classified
For the Period Ended April 30, 2007, As Adjusted

Line No.	Work Order Number	Description	Claimed Balance In Account 106 4/30/2007 (a)	Storage (b)	Functionalization		Intangible (d)
					General (c)		
83	200029	Install Cntrl - Station Control System	\$ 3,307	\$ 3,307	-	\$ -	-
84	200030	Install Gas Detectors - MER #3	60,603	60,603	-	-	-
85	200035	Install pipe for N. Hopeton Wireline	195,140	195,140	-	-	-
86	200036	Install E02403 Ignition System	17,223	17,223	-	-	-
87	200037	Install Borchers # 13 Groundbed	6,045	6,045	-	-	-
88	200038	Install Townsend 3-15 Groundbed	6,102	6,102	-	-	-
89	200039	Install Weibener 1-22 Groundbed	9,266	9,266	-	-	-
90	200040	Install Mackey 2-22 Groundbed	5,091	5,091	-	-	-
91	200041	Install Elect Feeder to Air Compr Bldg	48,018	48,018	-	-	-
92	200042	Install Danfoss VFD	1,271	1,271	-	-	-
93	200043	Install Engine Components - 1604	206,571	206,571	-	-	-
94	200044	Install Flame Detection System at No Hopeton	126,346	126,346	-	-	-
95	200046	Borchers Storage West 12" Anomaly	200,408	200,408	-	-	-
96	200061	Install Plant Tractor at Borchers	47,174	-	47,174	-	-
97	200062	Install Methanol Tanks	41,485	41,485	-	-	-
98	200063	Install Whitlock 2-15 Lateral	7,845	7,845	-	-	-
99	200064	Install Borchers Shop Heaters	2,500	2,500	-	-	-
100	200073	Install 80' of Williams 2-8 Lateral Pipe	21,233	21,233	-	-	-
101	200084	Install Delny Electrical Feeder @ Borchers	5,698	5,698	-	-	-
102		TOTAL FACILITIES	\$ 7,594,122	\$ 7,155,724	\$ 70,411	\$ 367,987	

SOUTHWEST GAS STORAGE COMPANY

Account 107 - Construction Work In Progress
Facilities to be Constructed and Placed in
Service During the Test Period
For the Period Ended April 30, 2007, As Adjusted

Line No.	Work Order Number	Description	Claimed Balance in CWIP 4/30/2007 (a)	Estimated Total Plant (b)	Functionalization		Date in Service (f)	Docket Number (g)
					Storage (c)	General (d)		
1	011312	Small Tools	\$ 200	\$ 200	\$ 200	-	5/1/07	-
2	200032	Install RTUs on Wells at Howell	138,908	139,979	139,979	-	5/1/07	-
3	200065	Install Controls @Waverly Desulph	941	341,328	341,328	-	7/1/07	-
4	200066	Install 6" Launcher/Receiver-Howell Line	24,548	304,184	304,184	-	8/1/07	-
5	200068	Install Engine Components	166,157	326,448	326,448	-	9/1/07	-
6	200072	Install 40' of Harris 3-5 Lateral Pipe	62,961	153,182	153,182	-	5/1/07	-
7	200073	Install 80' of Williams 2-8 Lateral Pipe	642	148,091	148,091	-	5/1/07	-
8	200077	Install Saltwater Pump Freq Drives NHPT	15,926	16,050	16,050	-	5/1/07	-
9	200081	Waverly 5 Year Integrity Plan	244,177	800,000	800,000	-	7/1/07	-
10	200085	Install 12.75" Pipe	26,480	330,000	330,000	-	12/1/07	-
11	200087	Install Support Piping	259	88,588	88,588	-	10/1/07	-
12	200090	Install Foundation- W5	56,190	193,313	193,313	-	7/1/07	-
13	200091	Install Foundation- W6	4,584	456,241	456,241	-	6/1/07	-
14		CWIP AT April 30, 2007 - CLAIMED	\$ 741,973	\$ 3,297,604	\$ 3,297,604	\$ -		

SOUTHWEST GAS STORAGE COMPANY

Account 107 - Construction Work In Progress
Facilities to be Constructed and Placed in
Service During the Test Period
For the Period Ended April 30, 2007, As Adjusted

Line No.	Work Order Number	Description	Claimed Balance in CWIP 4/30/2007 (a)	Estimated Total Plant (b)	Functionalization		Date in Service (f)	Docket Number (g)
					Storage (c)	General (d)		
1	200069	Recoat Westline 3-4 Gate Albion Tap	\$ -	\$ 42,933	\$ 42,933	-	6/1/07	-
2	200070	Recoat Westline Loop 3,4 Gate	-	30,824	30,824	-	6/1/07	-
3	200071	Install Transfer Switch & Breaker Panel	-	43,590	43,590	-	10/1/07	-
4	200074	Install Receiver Actuator	-	75,215	75,215	-	9/1/07	-
5	200075	Install W8 S. Loading Valve & Actuator	-	35,636	35,636	-	7/1/07	-
6	200076	Install Valve Operators on Borchers Lat.	-	60,628	60,628	-	8/1/07	-
7	200079	Install Valve Operators on Borchers Lat.	-	15,809	15,809	-	5/1/07	-
8	200080	Install Amot Valves- Fuel, block, vent	-	46,235	46,235	-	5/1/07	-
9	200082	Install Office Electrical Feeder	-	4,147	4,147	-	5/1/07	-
10	200083	Install Security Fence @McPherson 2-35	-	6,580	6,580	-	5/1/07	-
11	200086	Install Heater Control-Lower Gas Yard	-	33,847	33,847	-	5/1/07	-
12	200088	Install Cooling Tower - Unit 1603	-	13,022	13,022	-	7/1/07	-
13	200089	Install Townsend 1-15 Groundbed	-	29,441	29,441	-	6/1/07	-
14	200092	Install 2" Saltwater Line in N. Hopeton	-	55,000	55,000	-	8/1/07	-
15	200094	Install Pipe on Borchers 10" Line	-	10,651	10,651	-	7/1/07	-
16		TOTAL TEST PERIOD PROJECTS AT April 30, 2007	-	503,558	503,558	-		
17		TOTAL FACILITIES TO BE CONSTRUCTED DURING TEST PERIOD	\$ 741,973	\$ 3,801,162	\$ 3,801,162	\$ -		

SOUTHWEST GAS STORAGE COMPANY

Reclassification of Base Gas - Recoverable to
Base Gas - Non-Recoverable

Line No.	Storage Field	Base Gas - Recoverable, Actual Volumes - Mcf (a)	Base Gas - Recoverable, Actual Amount (b)	Base Gas - Non-Recoverable, Actual Volumes - Mcf (c)	Base Gas - Non-Recoverable, Actual Amount (d)	Adjustments Volumes - Mcf (e)	Adjustments Amount (f)	Base Gas - Recoverable, As Adjusted Volumes - Mcf (g)	Base Gas - Recoverable, As Adjusted Amount (h)	Base Gas - Non-Recoverable, As Adjusted Volumes - Mcf (i)	Base Gas - Non-Recoverable, As Adjusted Amount (j)
West Area											
Borchers											
1	- Recoverable		\$ 68,500,392			(7,461,955)	\$ (16,271,213)	23,952,226	\$ 52,229,179		
2	- Non-Recoverable	31,414,181		3,667,045	\$ -	7,461,955	16,271,213	-	-	11,129,000	\$ 16,271,213
3	Total Base Gas	31,414,181	68,500,392	3,667,045	-	-	-	23,952,226	52,229,179	11,129,000	16,271,213
N. Hopeton											
4	- Recoverable	7,500,057	8,393,112			(3,591,057)	(4,018,655)	3,909,000	4,374,457		
5	- Non-Recoverable			4,099,943	-	3,591,057	4,018,655	-	-	7,691,000	4,018,655
6	Total Base Gas	7,500,057	8,393,112	4,099,943	-	-	-	3,909,000	4,374,457	7,691,000	4,018,655
Total West Area											
7	- Recoverable	38,914,238	76,893,504	-	-	(11,053,012)	(20,289,868)	27,861,226	56,603,636	18,820,000	20,289,868
8	- Non-Recoverable			7,766,988	-	11,053,012	20,289,868	-	-	18,820,000	20,289,868
9	Total Base Gas	38,914,238	76,893,504	7,766,988	-	-	-	27,861,226	56,603,636	18,820,000	20,289,868
East Area											
Waverly											
10	- Recoverable	16,069,872	7,987,659			(15,769,791)	(7,838,501)	300,081	149,158		
11	- Non-Recoverable			30,550,209	8,762,277	15,769,791	7,838,501	-	-	46,320,000	16,600,778
12	Total Base Gas	16,069,872	7,987,659	30,550,209	8,762,277	-	-	300,081	149,158	46,320,000	16,600,778
Howell											
13	- Recoverable	8,314,159	1,364,938			205,065	-	8,519,224	1,364,938		
14	- Non-Recoverable			5,100,065	-	(205,065)	-	-	-	4,895,000	-
15	Total Base Gas	8,314,159	1,364,938	5,100,065	-	-	-	8,519,224	1,364,938	4,895,000	-
Total East Area											
16	- Recoverable	24,384,031	9,352,597			(15,564,726)	(7,838,501)	8,819,305	1,514,096		
17	- Non-Recoverable			35,650,274	8,762,277	15,564,726	7,838,501	-	-	51,215,000	16,600,778
18	Total Base Gas	24,384,031	9,352,597	35,650,274	8,762,277	-	-	8,819,305	1,514,096	51,215,000	16,600,778
Total											
19	- Recoverable	63,298,269	86,246,101			(26,617,738)	(28,128,369)	36,680,531	58,117,732		
20	- Non-Recoverable			43,417,262	8,762,277	26,617,738	28,128,369	-	-	70,035,000	36,890,646
21	Total Base Gas	63,298,269	\$ 86,246,101	43,417,262	\$ 8,762,277	-	\$ -	36,680,531	\$ 58,117,732	70,035,000	\$ 36,890,646

SOUTHWEST GAS STORAGE COMPANY

Cost of Base Gas Purchased 1/

<u>Line No.</u>	<u>Description</u>	<u>Detail (a)</u>	<u>Amount (b)</u>
1	Base Gas - Volumes (Dt)	3,000,000	
2	Purchase Price 2/	<u>\$ 7.512</u>	
3	Total		<u>\$ 22,536,000</u>

1/ As reflected in Docket No. CP07-69-000 filed with the Commission on January 26, 2007.

2/ Reflects purchase by Southwest of 3,000,000 Dt of additional Base Gas - Recoverable at \$7.512. The price is based on natural gas futures price on January 23, 2007 for April 2007 delivery.

SOUTHWEST GAS STORAGE COMPANY

Accumulated Provision for Depreciation, Depletion and Amortization
Twelve Months Ended April 30, 2007 As Adjusted

Line No.	Description	Balance at 04/30/2006 (a)	Additions (b)	Reductions (c)	Other (d)	Balance at 04/30/2007 (e)	Adjustments (f)	Total As Adjusted (g)
Account 108 Accumulated Provision for Depreciation of Gas Plant in Service								
1	Storage	\$ 109,888,819	\$ 5,341,921	\$ (49,461)	\$ (224)	\$ 115,181,055	\$ 4,046,632	\$ 119,227,687
2	General - Office Furniture & Equipment		241	-	-	6,411	181	6,592
3	General - Office Computers	6,170	491	-	13,211	17,131	1,664	18,795
4	General - Tools, Shop & Garage Equipment	3,429	4,996	-	-	94,744	4,427	99,171
5	General - Power Operated Equipment	89,748	314	-	224	538	2,831	3,369
6	Subtotal	109,988,166	5,347,963	(49,461)	13,211	115,299,879	4,055,735	119,355,614
7	Retirement Work in Progress	(8,687)	-	-	3,308	(5,379)	5,379	-
8	Total Account 108	109,979,479	5,347,963	(49,461)	16,519	115,294,500	4,061,114	119,355,614
Account 111 Accumulated Amortization for Amortization								
9	Storage	3,276,704	40,475	-	-	3,317,179	22,226	3,339,405
10	Intangible - Computer Software	99,160	49,083	(2,664)	1,081	146,660	37,779	184,439
11	Total Account 111	3,375,864	89,558	(2,664)	1,081	3,463,839	60,005	3,523,844
12	Total Accumulated Provision	\$ 113,355,343	\$ 5,437,521	\$ (52,125)	\$ 17,600	\$ 118,758,339	\$ 4,121,119	\$ 122,879,458

SOUTHWEST GAS STORGE COMPANY

Adjustments to Accumulated Provision for Depreciation
Twelve Months Ended April 30, 2007, As Adjusted

Line No.	Description	Reference	Total (a)	Functionalization		
				Storage (b)	General (c)	Intangible (d)
1	Adjustment No. 1 To reflect Depreciation and Amortization during the Test Period	Sch. D, Page 2	\$ 4,115,740	\$ 4,068,858	\$ 9,103	\$ 37,779
2	Total Adjustments		4,115,740	4,068,858	9,103	37,779
3	Retirement Work in Progress Balance @ April 30, 2007		5,379	5,379	-	-
4	Total		\$ 4,121,119	\$ 4,074,237	\$ 9,103	\$ 37,779

SOUTHWEST GAS STORAGE COMPANY

Adjustment No. 1
Twelve Months Ended April 30, 2007, As Adjusted

Line No.	Description	Depreciable Gas Plant Balances at 4/30/2007 (a)	Test Period Provision			
			Provision on Existing Plant (b)	Depreciable Net Additions (c)	Provision on Net Additions (d)	Total Adjustment (e)
Account 108 Accumulated Provision for Depreciation of Gas Plant in Service						
1	Storage Plant	\$ 149,106,909	\$ 4,025,887	\$ 3,801,162	\$ 20,745	\$ 4,046,632
2	General Plant	279,488	9,103	-	-	9,103
3	Total Account 108	149,386,397	4,034,990	3,801,162	20,745	4,055,735
Account 111 Accumulated Amortization for Amortization						
4	Storage Plant	823,191	22,226	-	-	22,226
5	Intangible	481,522	37,779	-	-	37,779
6	Total Account 111	1,304,713	60,005	-	-	60,005
7	Total Accumulated Provision	\$ 150,691,110	\$ 4,094,995	\$ 3,801,162	\$ 20,745	\$ 4,115,740

SOUTHWEST GAS STORAGE COMPANY

Working Capital
Twelve Month Ended April 30, 2007, As Adjusted

<u>Line No.</u>	<u>Description</u>	<u>Reference</u>	<u>Total As Adjusted (a)</u>
1	Cash Working Capital		\$ -
2	Materials and Supplies	Schedule E-2, Page 1	108,241
3	Prepayments	Schedule E-2, Page 2	<u>60,632</u>
4	Total		\$ <u><u>168,873</u></u>

SOUTHWEST GAS STORAGE COMPANY

Monthly Balances for Materials and Supplies
For the Period Ended April 30, 2007, As Adjusted

Line No.	Year	Month	Transmission System Account 154 (a)	Undistributed Stores Exp. Account 163 (b)	Total (c)
1	2006	April	\$ 110,539	\$ -	\$ 110,539
2		May	110,539	-	110,539
3		June	100,305	-	100,305
4		July	108,641	-	108,641
5		August	108,608	-	108,608
6		September	108,608	-	108,608
7		October	108,608	-	108,608
8		November	108,608	-	108,608
9		December	108,542	-	108,542
10	2007	January	108,536	-	108,536
11		February	108,536	-	108,536
12		March	108,531	-	108,531
13		April	108,531	-	108,531
14		Total	\$ <u>1,407,132</u>	\$ <u>-</u>	\$ <u>1,407,132</u>
15		Average - 13 months			\$ <u>108,241</u>

SOUTHWEST GAS STORAGE COMPANY

Monthly Balances for Prepayments
For the Period Ended April 30, 2007, As Adjusted

Line No.	Year	Month	Insurance (a)	Rents (b)	Other (c)	Total (d)
1	2006	April	\$ 52,063	\$ -	\$ -	\$ 52,063
2		May	26,019	-	-	26,019
3		June	-	-	-	-
4		July	11,221	-	-	11,221
5		August	5,610	-	-	5,610
6		September	128,398	-	-	128,398
7		October	133,472	-	-	133,472
8		November	109,695	-	-	109,695
9		December	85,917	-	-	85,917
10	2007	January	85,437	-	-	85,437
11		February	64,281	-	-	64,281
12		March	43,124	-	-	43,124
13		April	<u>42,979</u>	<u>-</u>	<u>-</u>	<u>42,979</u>
14		Total	\$ <u>788,216</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>788,216</u>
15	Average - 13 months					\$ <u>60,632</u>

SOUTHWEST GAS STORAGE COMPANY

Summary - Other Taxes
For The Period Ended April 30, 2007, As Adjusted

Line No.	Description	Expense Per Books (a)	Adjustments (b)	Total Taxes Claimed (c)
1	Ad Valorem	\$ 2,885,987	\$ 296,624	\$ 3,182,611
2	Payroll	166,811	8,681	175,492
3	Gross Receipts	-	-	-
4	Miscellaneous	<u>248,555</u>	<u>-</u>	<u>248,555</u>
5	Total	\$ <u>3,301,353</u>	\$ <u>305,305</u>	\$ <u>3,606,658</u>

SOUTHWEST GAS STORAGE COMPANY
Ad Valorem Taxes
For The Period Ended April 30, 2007, As Adjusted

Line No.	Description	Expense Per Books (a)	Adjustments (b)	Total Taxes Claimed (c)
1	Kansas	\$ 2,211,543	\$ (70,782)	\$ 2,140,761
2	Illinois	21,031	76	21,107
3	Michigan	267,667	(2,150)	265,517
4	Oklahoma	<u>385,746</u>	<u>369,480</u>	<u>755,226</u>
5	Total Ad Valorem Taxes	\$ <u>2,885,987</u>	\$ <u>296,624</u>	\$ <u>3,182,611</u>

SOUTHWEST GAS STORAGE COMPANY
Payroll Taxes
For The Period Ended April 30, 2007, As Adjusted

Line No.	Description	Expense Per Books (a)	Adjustments (b)	Total Taxes Claimed (c)
	Federal Insurance Contributions Act			
1	Social Security Taxes	\$ 121,370	\$ 6,112	\$ 127,482
2	Medicare Taxes	30,737	2,569	33,306
3	Federal Unemployment Taxes	1,591	-	1,591
4	State Unemployment Taxes	<u>13,113</u>	<u>-</u>	<u>13,113</u>
5	Total Payroll Taxes	\$ <u>166,811</u>	\$ <u>8,681</u>	\$ <u>175,492</u>

SOUTHWEST GAS STORAGE COMPANY

Miscellaneous Other Taxes
For The Period Ended April 30, 2007, As Adjusted

Line No.	Description	Expense Per Books (a)	Adjustments (b)	Total Taxes Claimed (c)
	Franchise Taxes			
1	Delaware	\$ 200	\$ -	\$ 200
2	Kansas	32,055	-	32,055
3	Illinois	36,250	-	36,250
4	Michigan	25	-	25
5	Oklahoma	25	-	25
6	Total Franchise Taxes	68,555	-	68,555
7	Michigan Single Business Tax	180,000	-	180,000
8	Total Miscellaneous Other Taxes	\$ 248,555	-	\$ 248,555

SOUTHWEST GAS STORAGE COMPANY

Adjustment to Other Taxes - Ad Valorem
For the Period Ended April 30, 2007, As Adjusted

Line No.	Description	2006 Fair Market Value (a)	Fair Market Value Adjustment (b)	Fair Market Value As Adjusted (c)	Assessment Ratio (d)	Assessed Value (e)	Tax Rate (f)	Tax (g)
1	Illinois 1/	\$ 773,211	\$ -	\$ 773,211	33.33%	\$ 257,711	0.0819	\$ 21,107
2	Kansas	68,228,300	(4,189,258)	64,039,042	33.00%	21,132,884	0.1013	2,140,761
3	Michigan	12,604,379	(79,995)	12,524,384	50.00%	6,262,192	0.0424	265,517
4	Oklahoma	21,568,200	21,467,566	43,035,766	22.85%	9,833,673	0.0768	755,226
5	Total	\$ 103,174,090	\$ 17,198,313	\$ 120,372,403		\$ 37,486,460		\$ 3,182,611

1/ Only real property is assessed in Illinois

SOUTHWEST GAS STORAGE COMPANY
Adjustment to Other Taxes - FICA
Twelve Months Ended April 30, 2007, As Adjusted

Line No.	Description	Detail (a)	Adjustment (b)
1	Compensation for the 12 months ended 4/30/2007	\$ 2,310,899	
2	O&M Adj. No. 5(b) - Base Period Corporate Labor	(125,487)	
3	Net Compensation Subject to Payroll Taxes	<u>\$ 2,185,412</u>	
4	FICA Taxes - OASDI for the 12 months ended 4/30/2007	<u>\$ 121,370</u>	
5	OASDI "Load Factor" (Line 4 / Line 3)	<u>5.55%</u>	
6	Adjusted Compensation Subject to Payroll Taxes	\$ 2,820,819	
7	O&M Adj. No. 5(b) - Test Period Corporate Labor	(523,849)	
8	Net Compensation Subject to Payroll Taxes	<u>\$ 2,296,970</u>	
9	FICA Taxes - OASDI, As Adjusted (Line 5 x Line 8)	<u>\$ 127,482</u>	
10	Adjustment to FICA Taxes - OASDI (Line 9 - Line 4)		\$ 6,112
11	FICA Taxes - Medicare, As Adjusted (Line 8 x 1.45%)	\$ 33,306	
12	FICA Taxes - Medicare for the 12 months ended 4/30/2007	<u>30,737</u>	
13	Adjustment to FICA Taxes - Medicare (Line 12 - Line 13)		<u>2,569</u>
14	Total Adjustment		<u>\$ 8,681</u>