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**SOUTHWEST GAS CORPORATION**

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May 1, 2006

AZ CORP COMMISSION  
DOCUMENT CONTROL

Mr. Ernest Johnson, Director  
Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

Re: Docket Nos. G-01551A-02-0425 and G-01970A-02-0425

Dear Mr. Johnson:

Pursuant to Commission Decision No. 68249, dated October 25, 2005 (issued in Docket Nos. G-01551A-02-0425 and G-01970A-02-0425), Southwest Gas Corporation (Southwest) hereby submits its report and requests approval of the proposed additional Demand Side Management (DSM) program for its Page, Arizona, regulated propane service customers. In the above referenced Decision, Southwest was ordered to evaluate additional DSM programs for the Page service territory.

The attached report discusses the currently approved and implemented Low-Income Energy Conservation (LIEC) Program, but focuses primarily on Southwest's proposed Residential Energy Conservation (REC) Program as an additional DSM program to address the weatherization and energy conservation needs of the Page, Arizona community. Southwest respectfully requests approval of the REC Program. Although many potential DSM programs exist, most are unable to meet the needs of Page customers in a cost-effective manner. The REC Program addresses the unique situation that exists in Page, in terms of its relatively remote location and small customer base, and will work well in conjunction with the existing LIEC Program.

Southwest feels the overall funding amount for both the LIEC and REC programs should remain at \$12,500 due to the constraints of the Page area. Southwest will continue to evaluate additional DSM programs that may prove to be cost-effective and beneficial to the customers in Page as the currently proposed programs are implemented and incorporated throughout the community. Southwest will return to the Commission for review and approval of any future programs.

If you have any questions, please contact me at 702-876-7163.

Very truly yours,

*Debra S. Jacobson* <sup>By</sup>

Debra S. Jacobson  
Director / Government and State Regulatory Affairs  
Enclosures

**SOUTHWEST GAS CORPORATION  
APPLICABLE DSM PROGRAMS – PAGE, AZ**

**Introduction**

In compliance with Decision No. 68249, issued on October 25, 2005, Southwest Gas Corporation (Southwest) submits its report on Demand-Side Management (DSM) programs for Page, Arizona. A broad range of possible programs were evaluated for this fairly isolated area. Southwest is requesting approval of two DSM programs for Page: 1) continuation of the Low-Income Energy Conservation (LIEC) program; and 2) a new Residential Energy Conservation (REC) program. These two programs are discussed in greater detail below.

Page is a small town in northern Arizona with approximately 7,000 residents. Southwest provides regulated propane service to approximately 1,300 metered customers in Page. The City of Page is located along Lake Powell in the midst of canyon country and is known for its recreational opportunities. Page's economy is largely based on tourism during the summer months. In addition, the Navajo Indian Reservation occupies a portion of the area. The nearest city with a population of over 50,000 is Flagstaff, which is 119 miles away.

Very few homes are built each year in Page. During the last decade, an average of 13 permits were requested annually for single-family new home construction. There is also a lack of numerous national home improvement retailers and appliance distributors in the area, such as Home Depot or Lowe's. Based on the absence of needed resources, many DSM programs are not appropriate for Page or are cost-prohibitive in terms of their impact on customers' rates.

**Low-Income Energy Conservation (LIEC) Program**

Southwest plans to continue offering the LIEC program to eligible Page customers. This program was extended to the area in November 2005, in accordance with the above-referenced Decision. This program provides qualified, low-income customers with cost-effective<sup>1</sup> improvements that reduce energy use in their homes. The program

<sup>1</sup> Based on calculations from the Arizona Department of Commerce Energy Office for Southwest's existing LIEC program.

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APPLICABLE DSM PROGRAMS – PAGE, AZ**

currently has an annual budget of \$12,500. The LIEC program is managed through the Arizona Department of Commerce Energy Office's (AEO) statewide weatherization program and is available to customers whose annual income is less than 125 percent of the federal poverty guidelines, and to customers over the age of 60 or disabled whose income is under 150 percent of the federal poverty guidelines. Both owners and renters are eligible. In Page, the AEO contracts with the Northern Arizona Council of Governments (NACOG), the local community action partnership agency, to install the home weatherization measures. NACOG is based in Flagstaff and sends representatives to Page a few times during the year. Three homes are currently being weatherized under the LIEC program in Page.

The AEO and NACOG leverage Southwest's LIEC funds with the U.S Department of Energy, U.S. Department of Health and Human Services, other special funds and other utility funds, if available. However, the electric provider for Page is Page Electric Utility (PEU), a non-profit public power entity which is owned and operated by the City of Page. PEU does not provide low-income weatherization assistance. The estimated average amount spent per home on weatherization in the area is \$1,000. The large majority of housing stock in Page consists of mobile homes. The cost of weatherizing a mobile home is much lower than the cost for a single family home. The majority of mobile homes receive low-cost measures such as low-flow showerheads, aerators, gaskets, weatherstripping and water heater blankets. High ticket items, such as blown-in insulation, are not applicable to these units. Due to the constraints of not having an electric utility partner for the program and the large number of mobile homes, Southwest proposes to adjust the annual budget of LIEC to \$10,000 annually. This will enable Southwest to provide weatherization assistance to approximately ten low-income households per year, which parallels NACOG's resources available for undertaking these activities.

Southwest combines the promotion and outreach activities for both the LIEC and Low-Income Residential Assistance (LIRA) programs. The LIRA program provides

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APPLICABLE DSM PROGRAMS – PAGE, AZ**

discounted rates for propane service to qualifying customers during the winter months. Southwest sends bill inserts quarterly and provides program information on its website. In addition, LIRA applications, which include LIEC information, are distributed annually throughout the community. In Page, applications were distributed to the local Seniors Center, Office of Energy Assistance, Circle of Page (Salvation Army assistance) and various churches during November 2005. A special letter was also sent to customers informing them of Southwest's various assistance programs, including LIEC and LIRA. In addition, a news release was issued, which was published in the *Lake Powell Chronicle* in November 2005. Examples of the outreach materials are located in the Appendix to this report. As of March 2006, Southwest had 48 customers in the Page service area participating in the LIRA program. The current LIRA program is in a two-year pilot program phase. Without additional Commission authorization, the Page LIRA program is scheduled to sunset in October 2007.

**Residential Energy Conservation (REC) Program**

Southwest proposes to implement a Residential Energy Conservation (REC) program for Page customers.

**Program Description**

The REC program will offer education and basic instruction to "do-it-yourself" homeowners and renters who wish to install energy-saving measures in their homes. Southwest will partner with the sole home improvement store in the area to offer in-store training on basic weatherization techniques, such as weatherstripping, caulking, and insulation installation. There is only one Southwest will also provide educational materials to customers through the REC program. Further, Southwest will encourage the home improvement store to offer discounts/rebates to customers who purchase selected energy efficiency products and/or materials during the event. Through such activities, the program is expected to increase energy efficiency and reduce customer energy bills.

**SOUTHWEST GAS CORPORATION  
APPLICABLE DSM PROGRAMS – PAGE, AZ**

**Customer Segment**

This program targets all residential customers who weatherize or improve the energy efficiency of their homes themselves.

**Implementation**

Southwest plans to partner with the sole local home improvement store in Page, True Value, and will invite the local electric/water utilities and NACOG to partner in the event as well. An Energy Weatherization Fair will be held annually. Promotion of the event will include sending an announcement to all Page customers and a news release to local publications. A weatherization packet, including weatherization supplies and brochures offering weatherization and conservation tips, will be distributed to attendees. Representatives from Southwest will also be available to answer questions. In addition, Southwest will encourage the hardware store to offer its own special incentives during the event, such as a rebate or a percentage discount on weatherization items.

**Staffing**

Southwest employees, in conjunction with the home improvement store employees, will promote weatherization measures and educate customers on energy-saving tips.

**Program Costs**

Southwest requests an annual funding level of \$2,500 for this program. Table 1 in the Appendix outlines the proposed budget by category.

**Cost Recovery**

Cost recovery for this program will be deferred until Southwest is authorized to apply a surcharge to recover the program costs and deferred balance. Thus, there is no current customer rate impact until such time as the Commission authorizes a surcharge rate. Southwest is mindful, however, of the fact that large deferred program costs could pose a significant burden to customers at the time they are recovered. For example, for each \$10,000 spent, a surcharge of approximately \$0.011 per therm would be required to recover those costs.

**SOUTHWEST GAS CORPORATION  
APPLICABLE DSM PROGRAMS – PAGE, AZ**

**Technology**

The REC program proposes using proven energy-saving techniques and tools. The importance and ease of performing energy-saving tasks will be emphasized through in-store training events and the annual Energy Weatherization Fair. The materials will consist of readily available products that are simple to install for the average homeowner or renter. These measures should provide energy efficiency benefits to the maximum number of customers.

**Energy Savings**

By teaching customers how to install weatherization measures and educating them on energy-saving techniques, the program is expected to increase energy efficiency and reduce customers' energy bills.

**Cost Effectiveness**

This program focuses on customer education and provides customers with the knowledge and tools to increase their home's energy efficiency. It is difficult to measure overall cost-effectiveness because there are a number of measures that customers could choose to employ. Installing weatherization measures saves energy which, in turn, saves customers money on their monthly energy bills.

**Measurement and Evaluation**

Decision No. 68249 orders Southwest to file annual reports by May 30<sup>th</sup> of each year. Southwest will include information about LIRA and LIEC in the report, in addition to the REC program, if approved. The budgets and costs incurred for each program will be included.

**Future Program Modifications**

Southwest may suggest modifications, such as expanding the programs or increasing funding, in the future. Requests for future program modifications will be submitted to the ACC for Staff review and Commission approval. At this time, Southwest requests a three-year approval of these programs.

**SOUTHWEST GAS CORPORATION  
APPLICABLE DSM PROGRAMS – PAGE, AZ**

**Conclusion**

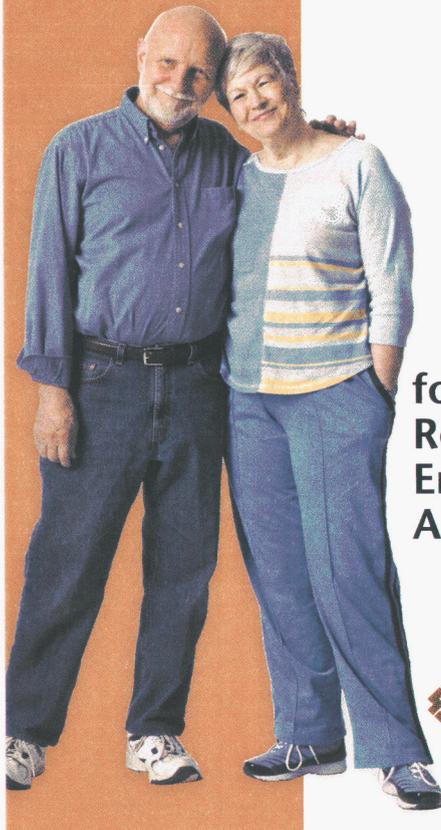
In conclusion, Southwest requests a three-year approval for the Low-Income Energy Conservation program and Residential Energy Conservation program in the Page service area. Given Page's relatively small size and remote location, Southwest believes that the LIEC Program and Residential Energy Conservation Program offer the most benefits to the customers of Page, given the various program options considered. The funding amount for these programs totals \$12,500. Southwest will continue to evaluate additional DSM programs that may prove to be cost-effective and beneficial to the customers in Page as the currently proposed programs are implemented and incorporated throughout the community. Southwest will return to the Commission for review and approval of any future programs.

# APPENDIX

# Page LIRA/LIEC Bill Insert

*Front*

**You May Qualify...**



**for  
Residential  
Energy  
Assistance**



*Back*

## **Low Income Ratepayer Assistance (LIRA) Program**

The *LIRA Program* provides a \$12.10 maximum discount listed on your monthly gas bill. The reduction applies to each month from November through April.



## **Low Income Energy Conservation (LIEC) Program**

The *LIEC Program* works in partnership with the Arizona Department of Commerce Energy Office to provide free energy audits, conservation education, and comprehensive weatherization materials that increase energy efficiency and safety in the homes of low-income customers.



*Program eligibility is determined by the number of persons in the household and the total household gross annual income. If you would like more information on the LIRA or LIEC Programs, please contact your local Southwest Gas office.*

**Page, Arizona – (928) 645-2391**

## ¿Desea información en español?

El programa de asistencia a consumidores de bajos ingresos (**LIRA** son las siglas en inglés) de Southwest Gas provee el \$12.10 dólares máximo de descuento indicado en su factura de gas mensual. El descuento es aplicable cada mes a partir del primero de noviembre al 30 de abril. La Arizona Corporation Commission (Comisión de Corporaciones de Arizona) ha autorizado este programa.

Para recibir un formulario de aplicación en español, llame el número de teléfono indicado abajo.

For more information contact your local Southwest Gas office.

928-645-2391

## WEST GAS CORPORATION

31, 2005

Southwest Gas Customer:

Southwest Gas Corporation Commission recently authorized Southwest Gas to offer programs that can assist income-qualified metered propane customers in Page, Arizona, with their winter heating bills. Additionally, Southwest Gas is now able to offer our metered propane customers additional bill-payment options. The following list of programs represents several of the more important programs now available to you:

**LIRA** (Low-Income Ratepayer Assistance) offers eligible residential metered propane customers a monthly discount up to \$12.10 during the winter season, November 1 through April 30. To be eligible, a customer's household income must not exceed 150 percent of the Federal poverty level. An application for LIRA is enclosed.

**LIEC** (Low-Income Energy Conservation) partners with the Arizona Energy Office to provide low-income customers with free energy audits, conservation education, and comprehensive weatherization materials that increase energy efficiency in their homes.

**EPP** (Equal Payment Plan) conveniently distributes your annual bill into equal monthly payments.

**APP** (Automatic Payment Plan) allows you to pay your bill with an automatic withdrawal from a checking or savings account.

By enrolling in APP and EPP, you will know the amount of your bill each month and that it will be paid on time.

**E-bill** gives you the option of paying your gas bill on-line through various payment providers. CheckFree® is the company's E-bill provider; to sign-up for this free service visit [www.mycheckfree.com](http://www.mycheckfree.com).

**Summary Bill** provides customers that have several Southwest Gas accounts the opportunity to receive a single bill with summarized billing data for all accounts.

With the winter season fast approaching and propane prices climbing on a national level, Southwest Gas recommends setting the thermostat between 66-68°F, health permitting, during the heating season. In addition, using caulk and weather strip around drafty doors

Page 2  
October 31, 2005

and windows helps to save energy. For more information on the programs and energy saving tips, please contact the Southwest Gas office at (928) 645-2391.

Thank you for being a valued customer of Southwest Gas.

Sincerely,

A handwritten signature in black ink that reads "James Kane". The signature is written in a cursive, flowing style with a large initial "J" and a long, sweeping underline.

James Kane  
President



# SOUTHWEST GAS CORPORATION

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## ARIZONA NEWS RELEASE

[BACK](#)

November 23, 2005

FOR IMMEDIATE RELEASE

Contact: Cynthia Messina, (702) 876-7132


[Corporate](#)

### Southwest Gas Offers Discount Rates to Low Income Households

[Arizona](#)

PAGE, ARIZ.- Rising natural gas costs nationwide will result in higher gas bills this winter. Southwest Gas wants to remind its customers about the Low-Income Ratepayer Assistance (LIRA) and the Low-Income Energy Conservation (LIEC) programs.

[California](#)
[Nevada](#)

LIRA provides discount rates to low-income households by offering a \$12.10 maximum discount on the customer's monthly gas bill to qualifying households, representing a significant savings from November through April.

**Search News Releases for:**

LIEC works in partnership with the Arizona Department of Commerce Energy Office to provide free energy audits, conservation education, and comprehensive weatherization materials that increase energy efficiency and safety in the homes of low-income customers.

"The LIRA program assists low-income households with their gas bill payment," stated Anita Romero, vice president at Southwest Gas. "We encourage those who need the assistance to look into the LIRA program and take advantage of it if they qualify. Also, implementing energy-saving measures can help households manage their natural gas usage and budget."

LIRA is available to Page households with a total annual income that does not exceed 150 percent of the federal poverty level. For example, a family of four whose total gross annual income is \$29,025 would qualify for the LIRA program. Interested customers should call Southwest Gas at (928) 645-2391 for more information on the LIRA or LIEC programs.

To save energy, Southwest Gas recommends setting the thermostat between 66-68, health permitting, during the heating season and using caulk and weatherstrip around drafty doors and windows. The company's Equal Payment Plan and Automatic Payment Plan also help customers manage their budget. For more information on these plans and energy saving tips visit [www.swgas.com](http://www.swgas.com).

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**TABLE 1**  
**SOUTHWEST GAS CORPORATION**  
**PAGE, ARIZONA**  
**RESIDENTIAL ENERGY CONSERVATION (REC) PROGRAM**  
**ESTIMATED ANNUAL BUDGET**

Line No.	Program	Costs	Line No.
1	Program Costs		1
2	Outreach	\$ 800	2
3	Weatherization Packet	1,500	3
4	Subtotal Program Costs	\$ 2,300	4
5	Administrative Costs		5
6	General	\$ 200	6
7	Subtotal Administrative Costs	\$ 200	7
8	Total	\$ 2,500	8