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MEMORANDUM
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Arizona Corporation Commission
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TO: THE COMMISSION 2006 AUG 31 A 8:44

AUG 31 2006

FROM: Utilities Division AZ CORP COMMISSION
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DATE: August 31, 2006

RE: IN THE MATTER OF THE APPLICATION OF SOUTHWEST GAS TO CLOSE SCHEDULE G-45, STREET LIGHTING GAS SERVICE, TO NEW APPLICATIONS FOR SERVICE (DOCKET NO. G-01551A-06-0465)

On July 14, 2006, Southwest Gas Corporation ("Southwest") filed for Commission approval to close Schedule G-45, Street Lighting Gas Service, to new applications for service. Schedule G-45 is available for natural gas street lighting.

Service under Schedule G-45 is not metered, but rather customers are charged the applicable commodity rate on the rated therm usage per mantle. Street lights served under Schedule G-45 operate 24 hours a day. Most current service under this schedule is for lighting in residential subdivisions, with Southwest reporting a total of 24 customers and 528 lights. In Southwest's recently completed rate proceeding, Southwest reported usage of 99,883 therms under Schedule G-45 in the test year. Southwest has indicated that there is little change in the customer base for Schedule G-45 in recent years, with Southwest having the same number of customers now as at the end of 2005 and one less customer now than at the end of 2004.

Responsibility for maintenance of the light is borne by either the homeowner's association or individual homeowners. Southwest indicates that this arrangement at times creates confusion regarding maintenance and other responsibilities for lights served under Schedule G-45.

Southwest filing requests that that Schedule G-45 be closed to new applications for service, with new service for street lighting being provided under otherwise applicable tariffs, primarily the G-5, Single Family Residential Service tariff. Under Southwest's proposal, street lighting would be treated like any other behind the meter natural gas use, such as barbecues, pool heaters, etc. A comparison of the current G-45 and G-5 tariffs shows the G-5 tariff with a slightly lower per therm rate than the G-45 tariff. So new customers taking street lighting service under the G-5 tariff would likely pay very similar, possibly slightly lower rates than under the current G-45 tariff if it were still available in the future.

Staff believes that Southwest's proposal to treat new street lighting in a manner similar to other behind the meter natural gas consumption is reasonable and may help avoid confusion regarding responsibilities for maintenance of street lighting which is located on the distribution system side of the meter. Further, given the similarity of the per therm rates between the G-5

THE COMMISSION

August 31, 2006

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and G-45 tariffs, any new potential customers for street lighting would see minimal bill differences as a result of the proposal to close the G-45 tariff to new customers. Further, in cases of new gas service where a residential customer would be taking service for street lighting as well as other residential service, customer billing would be simplified. This is because such a customer would be billed under one rate schedule under Southwest's proposal, rather than two rate schedules under the current tariff provisions. There will be no change to service provided by Southwest to existing G-45 customers. Therefore, Staff recommends approval of the closure of Schedule G-45 to applications for new service.



Ernest G. Johnson

Director

Utilities Division

EGJ:RGG:lhm\DR

ORIGINATOR: Robert G. Gray

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BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER
Chairman
WILLIAM A. MUNDELL
Commissioner
MIKE GLEASON
Commissioner
KRISTIN K. MAYES
Commissioner
BARRY WONG
Commissioner

IN THE MATTER OF THE APPLICATION)
OF SOUTHWEST GAS CORPORATION TO)
CLOSE SCHEDULE G-45, STREET)
LIGHTING GAS SERVICE, TO NEW)
APPLICATIONS FOR SERVICE)

DOCKET NO. G-01551A-06-0465
DECISION NO. _____
ORDER

Open Meeting
September 19 and 20, 2006
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Southwest Gas Corporation ("Southwest") is engaged in providing natural gas service within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission ("Commission").
2. On July 14, 2006, Southwest filed for Commission approval to close Schedule G-45, Street Lighting Gas Service, to new applications for service. Schedule G-45 is available for natural gas street lighting.
3. Service under Schedule G-45 is not metered, but rather customers are charged the applicable commodity rate on the rated therm usage per mantle. Street lights served under Schedule G-45 operate 24 hours a day.
4. Most current service under this schedule is for lighting in residential subdivisions, with Southwest reporting a total of 24 customers and 528 lights. In Southwest's recently completed rate proceeding, Southwest reported usage of 99,883 therms under Schedule G-45 in the

1 test year. Southwest has indicated that there is little change in the customer base for Schedule
2 G-45 in recent years, with Southwest having the same number of customers now as at the end of
3 2005 and one less customer now than at the end of 2004.

4 5. Responsibility for maintenance of the light is borne by either the homeowner's
5 association or individual homeowners. Southwest indicates that this arrangement at times creates
6 confusion regarding maintenance and other responsibilities for lights served under Schedule G-45.

7 6. Southwest's filing requests that Schedule G-45 be closed to new applications for
8 service, with new service for street lighting being provided under otherwise applicable tariffs,
9 primarily the G-5, Single Family Residential Service tariff.

10 7. Under Southwest's proposal, street lighting would be treated like any other behind
11 the meter natural gas use, such as barbecues, pool heaters, etc. A comparison of the current G-45
12 and G-5 tariffs shows the G-5 tariff with a slightly lower per therm rate than the G-45 tariff. So
13 new customers taking street lighting service under the G-5 tariff would likely pay very similar,
14 possibly slightly lower rates than under the current G-45 tariff if it were still available in the future.

15 8. Staff believes that Southwest's proposal to treat new street lighting in a manner
16 similar to other behind the meter natural gas consumption is reasonable and may help avoid
17 confusion regarding responsibilities for maintenance of street lighting which is located on the
18 distribution system side of the meter.

19 9. Further, given the similarity of the per therm rates between the G-5 and G-45
20 tariffs, any new potential customers for street lighting would see minimal bill differences as a
21 result of the proposal to close the G-45 tariff to new customers.

22 10. Further, in cases of new gas service where a residential customer would be taking
23 service for street lighting as well as other residential service, customer billing would be simplified.
24 This is because such a customer would be billed under one rate schedule under Southwest's
25 proposal, rather than two rate schedules under the current tariff provisions.

26 11. There will be no change to service provide by Southwest to existing G-45
27 customers.

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ORDER

IT IS THEREFORE ORDERED that Schedule G-45, Street Lighting Gas Service, be closed to new applications for service.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2006.

BRIAN C. McNEIL
Executive Director

DISSENT: _____

DISSENT: _____

EGJ:RGG:lhm\DR

1 SERVICE LIST FOR: Southwest Gas Corporation
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