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SOUTHWEST GAS CORPORATION

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Bridget A. Branigan, Senior Counsel

October 21, 2003

VIA HAND DELIVERY

Arizona Corporation Commission

DOCKETED

OCT 21 2003

Arizona Corporation Commission
Attention: Docket Control
1200 West Washington Street
Phoenix, Arizona 85007

DOCKETED BY 

Re: Filing of **Protest by Southwest Gas Corporation**
Docket No. E-01345A-03-0660

Accompanying this letter are the original and fourteen (14) copies of a document, entitled **Protest by Southwest Gas Corporation**. Please accept the original and thirteen (13) of the copies for filing and date/time stamp the remaining copy and return it to me.

Thank you for the usual courtesy.

Respectfully,

Bridget A. Branigan

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Enclosures

EXCEPTION ORIGINAL

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BEFORE THE ARIZONA CORPORATION COMMISSION 2003 OCT 21 A 9:54

COMMISSIONERS

MARC SPITZER, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

Arizona Corporation Commission

DOCKETED

OCT 21 2003

AZ CORP COMMISSION
DOCUMENT CONTROL

DOCKETED BY *CMR*

IN THE MATTER OF ARIZONA PUBLIC)
SERVICE COMPANY'S REQUEST FOR A)
PARTIAL VARIANCE TO A.A.C. R14-2-1618)
TO ALLOW RENEWABLE SOLAR THERMAL) DOCKET NO. E-01345A-03-0660
ENERGY THAT REPLACES NATURAL GAS)
USAGE TO BE RECOGNIZED FOR THE)
ENVIRONMENTAL PORTFOLIO STANDARD)

Protest by Southwest Gas Corporation

Pursuant to A.A.C. R14-3-106.I, Southwest Gas Corporation (Southwest) protests the request by Arizona Public Service Company (APS) for Commission approval to expend APS' customers' dollars to supplant natural gas usage for water heating. For the reasons that follow, Southwest requests that APS' request be withdrawn for Commission consideration during the October 21st/22nd Open Meetings with direction to Staff to conduct inquiries in the context of workshop settings to allow all affected interests [i.e., natural gas utilities, energy consumers and any other interested persons and/or entities] to have input into the wisdom/propriety of APS' proposal.

At the outset, Southwest states categorically that Southwest is supportive of efforts to promote the most efficient and cost-effective environmental strategies available. However, first, it is ludicrous to imagine that supplanting natural gas usage for water heating would free up enough natural gas to fuel gas-driven electric generation facilities; second, if anything should be supplanted in the name of efficiency, it should be gas-fired electric generation facilities. It is undisputed that, when it comes to water heating, the natural gas option far outweighs the electricity option in terms of overall cost and efficiency. If limited Environmental Portfolio Standard funds are to be directed

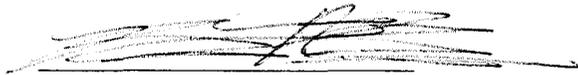
where they will result in the greatest "bang for the buck" they should be directed at discouraging electric appliances that rely, in part, on relatively thermally inefficient and poor load factor gas-fired electric generation units, not natural gas water heating applications that are inherently highly efficient.

APS' variance request is open-ended – i.e., theoretically, it could extend to the discouragement of natural gas water heater applications in new construction. That, of course, would be inimical to the consumer choice legislation in Arizona mandating installations that provide energy consumers "ultimately residing in the structure with the capability to choose between electricity and natural gas as an energy source for each appliance application." [See A.R.S. § 40-202.F].

Southwest is in a far better position than APS to assess any perceived need to supplant natural gas usage for heating water in order to achieve whatever policy goals the Commission may articulate and, at a minimum, Southwest urges the Commission to table APS' request to allow sufficient time to ensure that the Commission is provided with the opportunity to be fully informed regarding the wisdom of supplanting natural gas water heating requirements with solar applications.

If nothing more, since Southwest would be adversely affected by Commission approval of the APS proposal, Southwest should be provided with a modicum of an opportunity to address the pros and cons before the Commission makes a final decision.

Respectfully submitted this 21st day of October, 2003.



Andrew W. Bettwy
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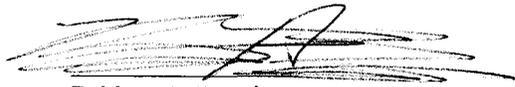
CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing **Protest of Southwest Gas Corporation** on the following individuals by delivering a copy thereof in person:

Karilee S. Ramaley
Attorney for Arizona Public Service Company

Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission

Dated this 21st day October, 2003.



Bridget A. Branigan