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**ARIZONA CORPORATION COMMISSION**

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**ORIGINAL**

January 2, 2008

Arizona Corporation Commission  
**DOCKETED**

JAN 03 2008

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2008 JAN -3 PM 3:34  
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Mr. W. G. Williams  
1477 Ganymede Drive  
Tucson, AZ 85737

RE: Southwest Gas Rate Case, Docket No.: G-01551A-07-0504

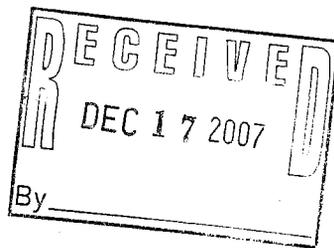
Dear Mr. Williams:

I received your letter of December 12 recently and appreciate the thought and knowledge you've exhibited in your comments regarding Southwest Gas' rate increase request.

I will be docketing your letter in the case file so that your concerns may be included in the formal record, and will take your views and concerns into account as I prepare for the hearings in this matter. Thank you for writing.

Sincerely,

Kris Mayes  
Commissioner



1477 Ganymede Dr.  
Tucson, Az. 85737  
December 12, 2007

Kris Mayes, Commissioner  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Az. 85007

Dear Ms. Mayes -                   RATE INCREASES FOR SOUTHWEST GAS

It is gratifying to see a Commission view of Arizona utility rate regulation that is consumer oriented. Congratulations!

I suspect that the Corporation Commission doesn't need outside laymen telling them how to do Commission business. I hope my views herein are an exception to this proposition.

Since virtually all utility service providers have a monopoly status in their service area, it must be a highly challenging effort to fairly provide rate regulation under these circumstances.

I would think a rate structure formula fair to all parties for this would include:

- 1) A Commission determination of an appropriate profit percentage for suppliers under monopoly circumstances. (e.g. Virtually no marketing costs involved).
- 2) Rates based on supplier's product cost statements which include verifiable product cost figures averaged over a 24 month period.
- 3) A Commission directed audit which would review all administrative, "overhead" and operating costs on a yearly or second year basis.

As a one time customer of Pacific Gas & Electric, I was impressed with their formula for dealing with loss of gas revenue in Summer months: Instead of a residential service fee, currently \$9.70 every month charged here by Southwest Gas, PG&E had a monthly minimum charge each month of \$3. (1990's) which covered that situation for them.

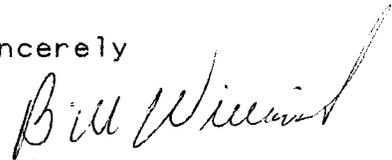
TO: Ms. Kris Mayes, Commissioner

Page 2

In truth, this monthly \$9.70 charge is a bit of an irritant. Imagine how explosive an increase to \$12.80 would be, on top of SW Gas' \$1.50 per therm gas rates. It makes the \$6.30 monthly Federal subsidy to phone companys look like a bargain.

I hope you might find something worthwhile in these comments.

Sincerely

A handwritten signature in cursive script that reads "Bill Williams". The signature is written in dark ink and is positioned to the right of the word "Sincerely".

W. G. "Bill" Williams

Tel 520 544 8846