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SOUTHWEST GAS CORPORATION

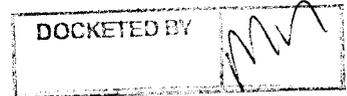
Justin Brown, Assistant General Counsel/Legal Affairs

May 14, 2010

Commissioner Paul Newman
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

MAY 14 2010



RE: Rate and Regulatory Incentive Docket – Decoupling Workshop May 3, 2010
Docket Nos. G-00000C-08-0314 and E-00000J-08-0314

Dear Commissioner Newman:

Per your request during the May 3 decoupling workshop, attached is the February 2009 American Gas Association article that suggests decoupling is an important driver of the increased customer satisfaction among natural gas customers. Southwest Gas will concurrently file a copy of this letter and its attachment in the above-referenced docket. Thank you for your attention to this matter.

Sincerely,

Justin Lee Brown
Assistant General Counsel

cc: Chairman Kristin Mayes
Commissioner Gary Pierce
Commissioner Sandra D. Kennedy
Commissioner Bob Stump
Docket Control

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Customers Embrace Utilities' Conservation Messages

OVERALL CUSTOMER satisfaction with natural gas utility companies grew considerably in 2008, largely due to efforts by utilities to promote conservation strategies that help reduce customers' natural gas bills and positively affect the environment, according to the J.D. Power and Associates "2008 Gas Utility Residential Customer Satisfaction Study."

The research also suggests that decoupling is an important driver of the increased satisfaction since many decoupled utilities are more active in communicating rebate programs and conservation tips. Those utilities with the highest rates of satisfaction were found in states that use a decoupled rate mechanism.

The study, now in its seventh year, measures residential customer satisfaction with natural gas utilities across

six factors: company image, communications, price and value, billing and payment, customer service and field service. Utilities are ranked in four geographical regions.

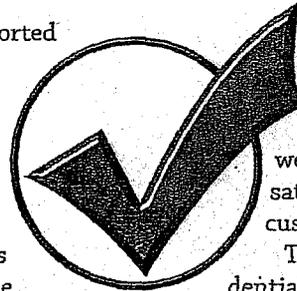
Although customer-reported natural gas bill amounts have increased by 6 percent since 2007, overall customer satisfaction with gas utilities averages 640 on a 1,000-point scale in 2008, up 12 points from the previous year. The improvement in satisfaction can be attributed in large part to utilities' efforts to educate customers about energy conservation and environmental issues.

The study finds that nearly half (48 percent) of natural gas utility customers recall receiving a communication

from their gas utility in 2008—up from 39 percent in 2007—and that overall satisfaction among these customers averages 672. In contrast, overall satisfaction among customers who do not recall receiving a utility communication is 62 points lower

(610). In particular, customers who received information about energy conservation tips or environmental issues were significantly more satisfied than the average customer.

The "2008 Gas Utility Residential Customer Satisfaction Study" is based on more than 29,000 online interviews conducted among residential customers of the 60 largest gas utilities across the continental United States. These utilities serve more than 48 million households. The study was fielded between September 2007 and July 2008.



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