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OPEN MEETING AGENDA ITEM



SOUTHWEST GAS CORPORATION RECEIVED

2010 AUG 18 P 2:01

AZ CORP COMMISSION
DOCKET CONTROL

August 17, 2010

Docket Control Office
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Re: **Docket No. RG-00000B-09-0428**

Southwest Gas Corporation herewith submits for filing an original and thirteen (13) copies of its written comments in response to Staff's Second Proposed Draft Gas Energy Efficiency Rules in the above-referenced docket.

Respectfully submitted,

Debra S. Gallo by amg

Debra S. Gallo, Director
Government & State Regulatory Affairs

DSG/kt
Enclosure

cc via electronic mail:

- Mr. Steven Olea, ACC
- Ms. Terri Ford, ACC
- Ms. Barbara Keene, ACC
- Ms. Julie McNeely-Kirwan, ACC
- Mr. Thomas L. Mumaw, Esq., APS
- Mr. David Kirkland, Client Solutions at OPower
- Mr. David Berry, Western Resource Advocates
- Mr. Jeff Schlegel, SWEEP
- Mr. Phillip J. Dion, Esq., UNS Gas
- Mr. David Hutchens, UNS Gas
- Mr. Douglas Mann, Semstream Arizona Propane, LLC

Arizona Corporation Commission

DOCKETED

AUG 18 2010

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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 KRISTIN K. MAYES, Chairman
4 GARY PIERCE
5 PAUL NEWMAN
6 SANDRA D. KENNEDY
7 BOB STUMP

8 IN THE MATTER OF THE NOTICE
9 OF PROPOSED RULEMAKING
10 REGARDING NATURAL GAS ENERGY
11 EFFICIENCY RULES

DOCKET NO. RG-00000B-09-0428

COMMENTS

12 **WRITTEN COMMENTS OF SOUTHWEST GAS CORPORATION IN RESPONSE TO**
13 **STAFF'S SECOND PROPOSED DRAFT GAS ENERGY EFFICIENCY RULES**

14 Southwest Gas Corporation hereby submits written comments in response to the Arizona
15 Corporation Commission's Utilities Division Staff's second proposed draft gas energy efficiency
16 rules that were published August 5, 2010.

17 Southwest Gas believes the second proposed draft incentivizes gas companies to pursue
18 good policy objectives that will yield energy savings for customers by providing credits for savings
19 resulting from increased end use efficiencies and for savings resulting from participation in policy
20 related matters, i.e. building codes, appliance standards, and renewable energy technology. While
21 Staff's original draft rule included provisions encouraging high-efficiency gas end-use products
22 (HEGP), such provisions have been removed in Staff's latest proposal; while Southwest strongly
23 believes that HEGP can play a meaningful role in producing customer energy savings and
24 increasing energy efficiency in Arizona, Southwest accepts the removal and will continue to work
with the Commission to support HEGP in proposals outside of the gas energy efficiency rules.

Southwest Gas further submits that upon completion of a policy statement or rulemaking
that sets forth the parameters for gas companies to obtain Commission approval of a decoupling

1 mechanism, the second proposed draft establishes a structure that will result in an increased number
2 of cost-effective energy efficiency initiatives by gas companies, will produce energy savings for
3 customers, and will provide positive environmental impacts to society.

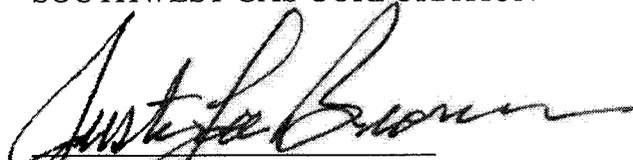
4 Southwest Gas also offers two suggested changes to the second proposed draft. First, it
5 appears that in sections R14-2-2504.A. and R.14-2-2505.A., when there is a reference to R14-2-
6 2518 it should also include a reference to R.14-2-2519 (the new compliance by propane companies
7 section). Secondly, section R14-2-2520 sets forth the process and criteria for seeking a waiver from
8 the rule. It appears that this section is not the same as the recently approved waiver provision for
9 the electric energy efficiency rule – R14-2-2419. The electric version includes a subsection C.,
10 which provides that a “petition filed pursuant to this Section shall have priority over other matters
11 filed under this Article.” Subsection C. is absent from the gas energy efficiency rule.

12 CONCLUSION

13 During the past fifteen months, Southwest Gas has repeatedly expressed its support for
14 aggressively pursuing cost-effective energy efficiency and the need for revenue decoupling to
15 enable gas companies to achieve aggressive energy efficiency results. Southwest Gas looks forward
16 to continuing its active participation as the Commission finalizes its directives in both initiatives.

17 DATED this 17th day of August 2010.

18 SOUTHWEST GAS CORPORATION

19 
20 Justin Lee Brown, Esq.

21 5241 Spring Mountain Road

22 Las Vegas, Nevada 89150

23 Tel: (702) 876-7183

24 Fax: (702) 252-7283

E-mail: Justin.Brown@swgas.com

1 ORIGINAL and 13 COPIES of
2 the foregoing filed this 17th day
of August 2010, with:

3 Docket Supervisor
4 Docket Control
5 Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

6 COPIES of the foregoing
7 served by e-mail
this 17th day of August
2010 on:

8 Steve Olea
9 Utilities Division
Arizona Corporation Commission
10 1200 West Washington Street
Phoenix, AZ 85007
solea@azcc.gov

Jeff Schlegel
Southwest Energy Efficiency Project
Arizona Representative
1167 W. Samalayuca Dr.
Tucson, Arizona 85704-3224
schlegelj@aol.com

11 With copies to:
12 Terri Ford tford@azcc.gov
13 Barbara Keene bkeene@azcc.gov
Julie McNeely-Kirwan
14 jmcneely-kirwan@azcc.gov

Phillip J. Dion, Esq.
David Hutchens
UNS Gas
One South Church Avenue, Suite 200
Tucson, Arizona 85701
DHutchens@tep.com
pdion@tep.com

15 Thomas L. Mumaw, Esq.
Arizona Public Service Company
16 400 North Fifth Street
Phoenix, Arizona 85004-3992
Thomas.Mumaw@pinnaclewest.com

Douglas Mann
Semstream Arizona Propane, LLC
200 W. Longhorn
Payson, Arizona 85541
Dmann@semgroupcorp.com

17 David Kirkland
18 Executive, Client Solutions at OPower
David.kirkland@opower.com

19 David Berry
20 Chief of Policy Analysis
Western Resource Advocates
21 PO Box 1064
Scottsdale, Arizona 85252-1064
22 dberry@westernresources.org

23 
24 _____
an employee of Southwest Gas Corporation