

G-01551A-10-0458

ORIGINAL



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ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Investigator: Sheila Stoeller

Phone: 602-542-4143

Fax:

Priority: Respond Within Five Days

Opinion No. 2011 - 93137

Date: 2/8/2011

Complaint Description: 01Z Billing - Other
N/A Not Applicable

Complaint By: First: Michael Last: Mayer

Account Name: Michael Mayer Home: (480) 368-1595

Street: 11157 E Greenway Road Work:

City: Scottsdale CBR: nicetang@cox.net

State: AZ Zip: 85255 is: E-Mail

Utility Company: Southwest Gas Corporation

Division: Gas

Contact Name: Cody McDermott Contact Phone: (602) 216-8606

Nature of Complaint:

On 2/5/11, Mr. Mayer emailed the general mailbox the following:

Why have my natural gas billing rates not dropped in the last 2 yers? I am paying as much as ever. Natural gas as a commodity is down 50%.

Michael Mayer
Scottsdale, Arizona

Arizona Corporation Commission

DOCKETED

FEB 17 2011

2/8/11, I emailed Mr. Mayer the following:

Good morning, Mr. Mayer,

DOCKETED BY

RECEIVED
2011 FEB 17 P 3:56
ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

I have been assigned your query to our Utilities Division regarding natural gas pricing. To better answer your questions, could you please send me the name of your provider, the name and the address under which your account is listed, and a daytime phone number where you can be reached. When I receive that information, I will forward your concerns to the Company and then I'll be in contact with you in a week or so to ascertain that they have contacted you and answered your questions.

Sheila Stoeller
Utilities Division
Customer Service
602.542.4143

On 2/8/11, 7:30 pm, Mr. Mayer responded with his personal information, as requested. He also sent a second email with further comments about the natural gas market, etc. Both emails are below:

**ARIZONA CORPORATION COMMISSION
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Thanks Ms. Stoeller,

I know all utilities are regulated but it seems unfair that natural gas is at a multi year low (50% down in price) and the consumers are not getting any pricing benefit from the low market prices. This is especially important since we have all lost so much value in our home prices in arizona in the last 3 years and unemployment is so high.

SW Gas is the provider

Address is,

Michael J Mayer
11157 E Greenway Road
Scottsdale, Az 85255

Phone: 480 368-1595

The following was emailed to ACC at 7:45 pm as well as a copy of a chart of the price of natural gas:

Here is a chart of the price of natural gas. Notice market prices are the lowest since 2002. Natural Gas it is down 50% from 2006 and down 70% for the peak in 2008.

It seems the Arizona Consumer should be getting significantly lower prices from South West Gas. We should be paying 2002 prices.

And I also do not understand the price to fill propane tanks. Arizona gas stations are charging 50% more since the peak in 2008. It now costs \$20 for 5 cubic feet and it should cost about \$2 per cubic foot.

Michael Mayer

Questions for Southwest Gas:

Please provide answers to the customer re the fluctuations in pricing vis a vis costs charged to him. Please copy the ACC as well.

2/13 -- rec'd following from customer:

Ms. Stoeller,

I received a letter today from SW Gas explaining why natural gas rates have only declined 10% in the past 2 years while the commodity has dropped over 70%. The statistics from SW Gas was a complete fabrication of the truth about the price of natural gas.

I hope the Utility Commission doesn't believe the baloney and false statistics cited in the letter from SW Gas (which you were copied).

If the Utility Commission does not take actions against SW Gas the commission is just another example of an Arizona government agency going through the motions, collecting a paycheck above private industry standards, building as ASRS pension, double dipping and not giving a darn about the taxpayers of this state.

Michael Mayer
End of Complaint

Utilities' Response:

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Cody of SWG responded to this on 2/10 but had an incorrect email address for me. Upon my follow-up call, we figured out why I hadn't rec'd response. Here is the response and it included a chart which didn't copy into this program:

February 10, 2011

Mr. Michael J. Mayer
11157 E. Greenway Road
Scottsdale, AZ 85255

Dear Mr. Mayer:

This letter is in response to your recent complaint to the Arizona Corporation Commission (ACC) regarding Southwest's charge for natural gas. Thank you for your inquiry regarding differences between the wholesale price for natural gas and Southwest's cost of gas included in your monthly bill. We appreciate your concern and your desire to understand why these differences exist today.

The wholesale market price of natural gas changes from month to month to reflect the supply of and demand for natural gas. Unlike the wholesale market, Southwest takes action to reduce the change in its cost of gas from month to month. For example, the ACC requires that each month's gas cost rate be calculated by dividing the current twelve-month actual purchased gas cost by the amount of natural gas sold to Southwest's customers over the same period. Southwest also takes action to shield customers against large spikes in the winter season's price of gas that can occur when weather is colder than expected.

The result is that the monthly cost of gas included on your bill tends to lag changes in the wholesale market price for gas. When wholesale prices are falling, as they are today, Southwest's monthly cost of gas will tend to fall more gradually than the market price. Conversely, when wholesale prices increase, over time Southwest's monthly cost of gas will increase more gradually than the market prices. Simply stated, Southwest's ACC approved monthly gas cost pricing does not allow its monthly gas cost rates to change as rapidly as the market price for natural gas.

Nonetheless, Southwest's rate for natural gas has been steadily decreasing. The following chart reflects the changes in Southwest's rate over the last year.

In addition, Southwest does not make money or charge its customers any more than it actually pays for natural gas. To ensure that our customers pay the same amount in total for natural gas that it pays, Southwest keeps track of the difference between what it must pay each month to purchase natural gas and the amount it recovers through the monthly gas cost included in its bills to customers. Over time, if the difference between cost and recovery becomes too large, Southwest may implement a rate adjustment to reduce the difference in costs and recoveries to zero.

As you note in your complaint, the monthly cost of gas included in your Southwest bill for service is above the current wholesale market prices. As a result, your recent Southwest bills for service include a Gas Cost Balancing Account reduction of \$0.08000 per therm, which is included as a part of the Rate Adjustment line of your bill to return to customers' amounts Southwest has collected in excess of its actual purchased gas expenses.

Please feel free to contact me at 602-216-8606 if you have further questions.

Sincerely,

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Cody McDermott
Customer Assistance
Southwest Gas Corporation

cc:
Arizona Corporation Commission
End of Response

Investigator's Comments and Disposition:

2-15:

Left voice mail for Cody at SWG asking for copy of his response. Customer sent me email referring to the response. Have put customer's response at the bottom of "Nature of Complaint"

2-15:

At direction of Connie have responded to customer (see below) and will docket this opinion:

Good afternoon, Mr. Mayer,

Your opinion will be docketed in the SWG pending rate case and will become part of the record. Thank you for your email. Should you need anything further, please feel free to contact me.

Sheila Stoeller
Customer Service
Utilities Division
AZ Corporation Commission
602.542.4143

2/17:

Have rec'd Cody's (SWG) reply to Mr. Mayer (which was mis-directed to my former email address). Since I've already contacted Mr. Mayer (see above), file now CLOSED

End of Comments

Date Completed: 2/17/2011

Opinion No. 2011 - 93137
