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SOUTHWEST GAS CORPORATION



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ARIZONA CORPORATION COMMISSION
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November 1, 2012

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007-2996

Re: Docket No. G-01551A-10-0458; Decision No. 72723

Pursuant to ordering paragraph #6, of the Commission's Opinion and Order in the above referenced docket, Southwest Gas Corporation hereby submits its quarterly compliance report regarding the Energy Efficiency Enabling Provision.

If you have any questions, please contact me at (702) 876-7163.

Respectfully,

Debra S. Gallo *mg cmg*

Debra S. Gallo, Director
Government & State Regulatory Affairs

Enclosures

- c Steve Olea, ACC
- Bob Gray, ACC
- Brian Bozzo, ACC Compliance
- Jodi Jerich, RUCO

Arizona Corporation Commission

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**Southwest Gas Corporation
Energy Efficiency Enabling Provision
2012 3rd Quarter Compliance Report**

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SOUTHWEST GAS CORPORATION

I. INTRODUCTION

Southwest Gas Corporation hereby submits its 2012 third quarter report on the performance of the Energy Efficiency Enabling Provision (EEP).

In its Opinion and Order in Docket No. G-01551A-10-0458, Decision No. 72723 (Decision), the Arizona Corporation Commission (Commission) authorized Southwest Gas Corporation (Southwest Gas or the Company) to implement the EEP, whereby Southwest Gas was granted authority to implement a monthly billing adjustment that adjusts customer bills when actual weather varies from the normalized weather used in the development of authorized rates. The EEP also tracks the non-weather differences in actual margin compared to authorized margin and includes a process to recover margin under collections from and return margin over collections to customers. The combination of these two components results in the Company recovering the margin per customer authorized by the Commission, no more, no less.

II. DISCUSSION

This report is for the quarterly period July 1, 2012 through September 30, 2012. As described above, the EEP contains two components, a monthly weather bill adjustment and non-weather margin tracking. The weather mechanism is applicable to winter season bills (November 1 through April 30) and is not reflected in the Company's July through September bills, consequently, there is no difference between bills with and without the monthly EEP adjustment. The non-weather margin tracking component compares authorized margin to actual margin and recovers or returns differences between authorized and actual margin in a rate adjustment. The non-weather tracking component will have no effect on customer bills until the Commission approves a rate adjustment after the first year of the EEP. Therefore, there are no impacts on customer bills to report in this quarterly report.

III. SUMMARY

The monthly adjustment component of the EEP performed as expected during the 2012 winter months to increase customers' bills when the actual weather was warmer than the normal weather used to develop the Company's rates and to reduce customers' bills when the actual weather was colder than the normal weather used to develop rates.

The monthly adjustment component of the EEP will resume on November 1, 2012 and continuing through April 30, 2013. The Company's next quarterly report will

reflect the difference between November's and December's bills with and without the monthly component EEP adjustment.

The Company anticipates filing for approval of its non-weather tracking rate adjustment after the conclusion of the first full year of the EEP , and looks forward to sharing its ongoing experience with the Commission in future quarterly and annual reports.