

ORIGINAL



0000141981



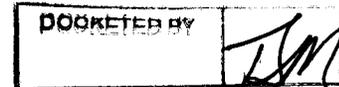
SOUTHWEST GAS CORPORATION

January 31, 2013

Arizona Corporation Commission
DOCKETED

JAN 31 2013

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 by cms

Debra S. Gallo, Director
Government & State Regulatory Affairs

Enclosures

- c Jodi Jerich, ACC
- Bob Gray, ACC
- Brian Bozzo, ACC Compliance
- Patrick Quinn, RUCO

AZ CORP COMMISSION
DOCKET CONTROL

2013 JAN 31 P 1:28

RECEIVED

**Southwest Gas Corporation
Energy Efficiency Enabling Provision
2012 4th Quarter Compliance Report**

<u>SECTION</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
I.	Introduction.....	1
II.	Discussion of Energy Efficiency Enabling Provision Results.....	2
III.	Summary	4
Attachment I	Summary of Monthly Bill Impacts With and Without Energy Efficiency Enabling Provision Adjustments by Sector and Rate Schedule	



SOUTHWEST GAS CORPORATION

I. INTRODUCTION

Southwest Gas Corporation hereby submits its 2012 fourth 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 customers' winter season 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, generally referred to as revenue decoupling, results in the Company recovering the margin per customer authorized by the Commission, no more, no less.

During the fourth quarter, Southwest Gas' customers experienced weather that was approximately forty seven (47) percent warmer overall than the historical average. As a result, most customers received bill adjustments consistent with weather that was

warmer than normal. However, customers who experienced colder than normal weather received bill adjustments consistent with weather that was colder than normal.

II. DISCUSSION

This report is for the quarterly period October 1, 2012 through December 31, 2012. Bill analyses have been prepared by residential and non-residential sectors and by rate schedule. The rate schedules included in the residential sector are Single-Family Residential (Schedule No. G-5), Multi-Family Residential (Schedule No. G-6), Single-Family Low-Income Residential (Schedule No. G-10), and Multi-Family Low-Income Residential (Schedule No. G-11). The rate schedules included in the non-residential sector are Small General Service (Schedule No. G-25(S)), Medium General Service (Schedule No. G-25(M)), Large-1 General Service (Schedule No. G-25(L1)), and Large-2 General Service (Schedule No. G-25(L2)).

As described above, the EEP contains two components, a monthly weather bill adjustment and non-weather margin tracking. 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, this quarterly report only shows the effect of the monthly weather adjustment on customer bills.

Table 1 summarizes the fourth quarter bill impacts for the residential and non-residential sectors. Even though December's weather was unusually warm for much of

the month and approximately forty seven (47) percent warmer than normal for the entire month, the average quarterly EEP adjustments to residential and non-residential customer bills were still relatively modest. Furthermore, over the course of the last year, the average monthly bill inclusive of the EEP adjustments was less than the average monthly bill that was authorized by the Commission as part of the last general rate case.

Table 1- Average Bill by Sector

	<u>W/EEP Adjustment</u>	<u>W/O EEP Adjustment</u>	<u>Difference</u>
Residential Sector	\$40.76	\$36.61	\$4.15
Non-Residential Sector	\$455.40	\$438.25	\$17.15

Table 2 summarizes the quarterly results for each customer class included in the EEP.

Table 2- Average Bill by Customer Class

	<u>W/EEP Adjustment</u>	<u>W/O EEP Adjustment</u>	<u>Difference</u>
Single Family Residential	\$41.75	\$37.42	\$4.32
Low Income Single Family	\$29.54	\$27.15	\$2.39
Multi Family Residential	\$28.24	\$26.66	\$1.58
Low Income Multi Family	\$23.44	\$22.19	\$1.24
Small General Service	\$69.51	\$66.04	\$3.47
Medium General Service	\$262.42	\$251.74	\$10.68
Large-1 General Service	\$1,272.71	\$1,225.24	\$47.47
Large-2 General Service	\$5,511.48	\$5,349.84	\$161.64

Attachment I contains schedules showing the development of the differences between average bills with the EEP adjustment and average bills without the EEP adjustment for residential/non-residential sectors and for each rate schedule for the months of November and December and by quarter. The weather mechanism is applicable to winter season bills (November 1 through April 30) and is not reflected in

October bills, consequently, there is no difference between October bills with and without the EEP adjustment.

III. SUMMARY

The monthly adjustment component of the EEP has performed as expected, and, since its implementation on January 1, 2012 has resulted in both reductions and increases to customers' bills depending upon if the actual weather was colder or warmer than the normal weather used to develop rates. In addition, the annual effect of the EEP resulted in an average monthly bill inclusive of the EEP adjustments that was less than the average monthly bill that was authorized by the Commission as part of the last general rate case.

Southwest Gas' efforts to educate customers about decoupling, providing enhanced training to its customer service representatives to assist them in responding to customer inquiries about the EEP and developing internal procedures to address customer questions and concerns have successfully contributed to a high level of customer acceptance of the EEP mechanism. Nevertheless, the Company continues to review whether further enhancements to its customer outreach are warranted.

It is noteworthy that Standard and Poor's recently issued a revision to its U.S. Utility Regulatory Assessments raising its assessment of Arizona's regulatory climate to reflect reduced regulatory lag and the implementation of decoupling mechanisms for the State's utilities. Standard and Poor's improved assessment of Arizona's regulatory climate will likely result in lower long term costs for Southwest Gas' customers.

The Company believes the EEP has worked as intended to stabilize customer bills by reflecting normal weather conditions. Southwest Gas will continue to closely monitor the performance of the EEP, including customer acceptance, and looks forward to continuing to share this information with the Commission.

ATTACHMENT I

SUMMARY OF MONTHLY BILL IMPACTS WITH AND WITHOUT ENERGY EFFICIENCY ENABLING PROVISION ADJUSTMENTS BY SECTOR AND RATE SCHEDULE

SOUTHWEST GAS CORPORATION
QUARTERLY ENERGY EFFICIENCY ENABLING PROVISION (EEP) REPORT
AVERAGE MONTHLY BILLS WITH AND WITHOUT EEP
NOVEMBER AND DECEMBER 2012
TOTAL ARIZONA

Line No.	Description	With EEP	Without EEP	Difference	Line No.
Residential Sector					
1	Bills	1,770,176	1,770,176	0	1
2	Volume (Therms)	52,477,995	41,931,584	10,546,411	2
3	Revenue	\$ 72,146,066	\$ 64,805,016	\$ 7,341,049	3
4	Average Volume	29.6	23.7	6.0	4
5	Average Revenue	\$ 40.76	\$ 36.61	\$ 4.15	5
6	EEP % of Average Revenue			11.33%	6
Non-Residential Sector					
7	Bills	62,122	62,122	0	7
8	Volume (Therms)	31,802,467	29,255,604	2,546,863	8
9	Revenue	\$ 28,290,248	\$ 27,224,847	\$ 1,065,401	9
10	Average Volume	511.9	470.9	41.0	10
11	Average Revenue	\$ 455.40	\$ 438.25	\$ 17.15	11
12	EEP % of Average Revenue			3.91%	12

SOUTHWEST GAS CORPORATION
QUARTERLY ENERGY EFFICIENCY ENABLING PROVISION (EEP) REPORT
AVERAGE MONTHLY BILLS WITH AND WITHOUT EEP
NOVEMBER AND DECEMBER 2012
TOTAL ARIZONA

Line No.	Description	With EEP	Without EEP	Difference	Line No.
G-5 - Single-Family Residential					
1	Bills	1,635,665	1,635,665	0	1
2	Volume (Therms)	49,337,922	39,278,394	10,059,528	2
3	Revenue	\$ 68,284,879	\$ 61,211,512	\$ 7,073,367	3
4	Average Volume	30.2	24.0	6.2	4
5	Average Revenue	\$ 41.75	\$ 37.42	\$ 4.32	5
6	EEP % of Average Revenue			11.56%	6
G-10 - Low Income Single-Family Residential					
7	Bills	70,378	70,378	0	7
8	Volume (Therms)	2,004,540	1,663,770	340,770	8
9	Revenue	\$ 2,078,710	\$ 1,910,604	\$ 168,106	9
10	Average Volume	28.5	23.6	4.8	10
11	Average Revenue	\$ 29.54	\$ 27.15	\$ 2.39	11
12	EEP % of Average Revenue			8.80%	12
G-6 - Multi-Family Residential					
13	Bills	58,165	58,165	0	13
14	Volume (Therms)	1,017,262	886,190	131,072	14
15	Revenue	\$ 1,642,611	\$ 1,550,442	\$ 92,169	15
16	Average Volume	17.5	15.2	2.3	16
17	Average Revenue	\$ 28.24	\$ 26.66	\$ 1.58	17
18	EEP % of Average Revenue			5.94%	18
G-11 - Low Income Multi-Family Residential					
19	Bills	5,968	5,968	0	19
20	Volume (Therms)	118,271	103,230	15,041	20
21	Revenue	\$ 139,866	\$ 132,458	\$ 7,407	21
22	Average Volume	19.8	17.3	2.5	22
23	Average Revenue	\$ 23.44	\$ 22.19	\$ 1.24	23
24	EEP % of Average Revenue			5.59%	24

SOUTHWEST GAS CORPORATION
QUARTERLY ENERGY EFFICIENCY ENABLING PROVISION (EEP) REPORT
AVERAGE MONTHLY BILLS WITH AND WITHOUT EEP
NOVEMBER AND DECEMBER 2012
TOTAL ARIZONA

Line No.	Description	With EEP	Without EEP	Difference	Line No.
G-25 Small General Service					
1	Bills	21,495	21,495	0	1
2	Volume (Therms)	573,885	485,027	88,858	2
3	Revenue	\$ 1,494,193	\$ 1,419,625	\$ 74,568	3
4	Average Volume	26.7	22.6	4.1	4
5	Average Revenue	\$ 69.51	\$ 66.04	\$ 3.47	5
6	EEP % of Average Revenue			5.25%	6
G-25 Medium General Service					
7	Bills	27,862	27,862	0	7
8	Volume (Therms)	7,305,304	6,656,027	649,277	8
9	Revenue	\$ 7,311,450	\$ 7,013,854	\$ 297,596	9
10	Average Volume	262.2	238.9	23.3	10
11	Average Revenue	\$ 262.42	\$ 251.74	\$ 10.68	11
12	EEP % of Average Revenue			4.24%	12
G-25 Large 1 General Service					
13	Bills	12,001	12,001	0	13
14	Volume (Therms)	18,140,241	16,759,481	1,380,760	14
15	Revenue	\$ 15,273,832	\$ 14,704,089	\$ 569,743	15
16	Average Volume	1,511.6	1,396.5	115.1	16
17	Average Revenue	\$ 1,272.71	\$ 1,225.24	\$ 47.47	17
18	EEP % of Average Revenue			3.87%	18
G-25 Large 2 General Service					
19	Bills	764	764	0	19
20	Volume (Therms)	5,783,037	5,355,069	427,968	20
21	Revenue	\$ 4,210,773	\$ 4,087,279	\$ 123,494	21
22	Average Volume	7,569.4	7,009.3	560.2	22
23	Average Revenue	\$ 5,511.48	\$ 5,349.84	\$ 161.64	23
24	EEP % of Average Revenue			3.02%	24

SOUTHWEST GAS CORPORATION
QUARTERLY ENERGY EFFICIENCY ENABLING PROVISION (EEP) REPORT
AVERAGE MONTHLY BILLS WITH AND WITHOUT EEP
NOVEMBER 2012
TOTAL ARIZONA

Line No.	Description	With EEP	Without EEP	Difference	Line No.
Residential Sector					
1	Bills	934,997	934,997	0	1
2	Volume (Therms)	17,387,062	16,183,706	1,203,356	2
3	Revenue	\$ 28,616,853	\$ 27,780,257	\$ 836,596	3
4	Average Volume	18.6	17.3	1.3	4
5	Average Revenue	\$ 30.61	\$ 29.71	\$ 0.89	5
6	EEP % of Average Revenue			3.01%	6
Non-Residential Sector					
7	Bills	32,295	32,295	0	7
8	Volume (Therms)	14,903,339	14,512,079	391,260	8
9	Revenue	\$ 13,774,530	\$ 13,618,086	\$ 156,444	9
10	Average Volume	461.5	449.4	12.1	10
11	Average Revenue	\$ 426.52	\$ 421.68	\$ 4.84	11
12	EEP % of Average Revenue			1.15%	12

SOUTHWEST GAS CORPORATION
QUARTERLY ENERGY EFFICIENCY ENABLING PROVISION (EEP) REPORT
AVERAGE MONTHLY BILLS WITH AND WITHOUT EEP
NOVEMBER 2012
TOTAL ARIZONA

Line No.	Description	With EEP	Without EEP	Difference	Line No.
G-5 - Single-Family Residential					
1	Bills	863,041	863,041	0	1
2	Volume (Therms)	16,238,629	15,095,967	1,142,662	2
3	Revenue	\$ 26,899,019	\$ 26,095,452	\$ 803,566	3
4	Average Volume	18.8	17.5	1.3	4
5	Average Revenue	\$ 31.17	\$ 30.24	\$ 0.93	5
6	EEP % of Average Revenue			3.08%	6
G-10 - Low Income Single-Family Residential					
7	Bills	37,676	37,676	0	7
8	Volume (Therms)	692,594	648,807	43,787	8
9	Revenue	\$ 897,985	\$ 876,421	\$ 21,564	9
10	Average Volume	18.4	17.2	1.2	10
11	Average Revenue	\$ 23.83	\$ 23.26	\$ 0.57	11
12	EEP % of Average Revenue			2.46%	12
G-6 - Multi-Family Residential					
13	Bills	31,027	31,027	0	13
14	Volume (Therms)	406,965	392,091	14,874	14
15	Revenue	\$ 750,723	\$ 740,259	\$ 10,464	15
16	Average Volume	13.1	12.6	0.5	16
17	Average Revenue	\$ 24.20	\$ 23.86	\$ 0.34	17
18	EEP % of Average Revenue			1.41%	18
G-11 - Low Income Multi-Family Residential					
19	Bills	3,253	3,253	0	19
20	Volume (Therms)	48,874	46,841	2,033	20
21	Revenue	\$ 69,127	\$ 68,125	\$ 1,002	21
22	Average Volume	15.0	14.4	0.6	22
23	Average Revenue	\$ 21.25	\$ 20.94	\$ 0.31	23
24	EEP % of Average Revenue			1.47%	24

SOUTHWEST GAS CORPORATION
QUARTERLY ENERGY EFFICIENCY ENABLING PROVISION (EEP) REPORT
AVERAGE MONTHLY BILLS WITH AND WITHOUT EEP
NOVEMBER 2012
TOTAL ARIZONA

Line No.	Description	With EEP	Without EEP	Difference	Line No.
G-25 Small General Service					
1	Bills	10,424	10,424	0	1
2	Volume (Therms)	190,031	182,773	7,258	2
3	Revenue	\$ 667,682	\$ 661,591	\$ 6,091	3
4	Average Volume	18.2	17.5	0.7	4
5	Average Revenue	\$ 64.05	\$ 63.47	\$ 0.58	5
6	EEP % of Average Revenue			0.92%	6
G-25 Medium General Service					
7	Bills	14,863	14,863	0	7
8	Volume (Therms)	3,218,054	3,142,480	75,574	8
9	Revenue	\$ 3,433,146	\$ 3,398,506	\$ 34,640	9
10	Average Volume	216.5	211.4	5.1	10
11	Average Revenue	\$ 230.99	\$ 228.66	\$ 2.33	11
12	EEP % of Average Revenue			1.02%	12
G-25 Large 1 General Service					
13	Bills	6,569	6,569	0	13
14	Volume (Therms)	8,544,597	8,329,281	215,316	14
15	Revenue	\$ 7,449,603	\$ 7,360,758	\$ 88,846	15
16	Average Volume	1,300.7	1,268.0	32.8	16
17	Average Revenue	\$ 1,134.05	\$ 1,120.53	\$ 13.53	17
18	EEP % of Average Revenue			1.21%	18
G-25 Large 2 General Service					
19	Bills	439	439	0	19
20	Volume (Therms)	2,950,657	2,857,545	93,112	20
21	Revenue	\$ 2,224,099	\$ 2,197,231	\$ 26,868	21
22	Average Volume	6,721.3	6,509.2	212.1	22
23	Average Revenue	\$ 5,066.28	\$ 5,005.08	\$ 61.20	23
24	EEP % of Average Revenue			1.22%	24

SOUTHWEST GAS CORPORATION
QUARTERLY ENERGY EFFICIENCY ENABLING PROVISION (EEP) REPORT
AVERAGE MONTHLY BILLS WITH AND WITHOUT EEP
DECEMBER 2012
TOTAL ARIZONA

Line No.	Description	With EEP	Without EEP	Difference	Line No.
Residential Sector					
1	Bills	835,179	835,179	0	1
2	Volume (Therms)	35,090,933	25,747,878	9,343,055	2
3	Revenue	\$ 43,529,212	\$ 37,024,759	\$ 6,504,453	3
4	Average Volume	42.0	30.8	11.2	4
5	Average Revenue	\$ 52.12	\$ 44.33	\$ 7.79	5
6	EEP % of Average Revenue			17.57%	6
Non-Residential Sector					
7	Bills	29,827	29,827	0	7
8	Volume (Therms)	16,899,128	14,743,525	2,155,603	8
9	Revenue	\$ 14,515,718	\$ 13,606,761	\$ 908,957	9
10	Average Volume	566.6	494.3	72.3	10
11	Average Revenue	\$ 486.66	\$ 456.19	\$ 30.47	11
12	EEP % of Average Revenue			6.68%	12

SOUTHWEST GAS CORPORATION
QUARTERLY ENERGY EFFICIENCY ENABLING PROVISION (EEP) REPORT
AVERAGE MONTHLY BILLS WITH AND WITHOUT EEP
DECEMBER 2012
TOTAL ARIZONA

Line No.	Description	With EEP	Without EEP	Difference	Line No.
G-5 - Single-Family Residential					
1	Bills	772,624	772,624	0	1
2	Volume (Therms)	33,099,293	24,182,427	8,916,866	2
3	Revenue	\$ 41,385,860	\$ 35,116,060	\$ 6,269,801	3
4	Average Volume	42.8	31.3	11.5	4
5	Average Revenue	\$ 53.57	\$ 45.45	\$ 8.11	5
6	EEP % of Average Revenue			17.85%	6
G-10 - Low Income Single-Family Residential					
7	Bills	32,702	32,702	0	7
8	Volume (Therms)	1,311,946	1,014,963	296,983	8
9	Revenue	\$ 1,180,726	\$ 1,034,183	\$ 146,542	9
10	Average Volume	40.1	31.0	9.1	10
11	Average Revenue	\$ 36.11	\$ 31.62	\$ 4.48	11
12	EEP % of Average Revenue			14.17%	12
G-6 - Multi-Family Residential					
13	Bills	27,138	27,138	0	13
14	Volume (Therms)	610,297	494,099	116,198	14
15	Revenue	\$ 891,888	\$ 810,183	\$ 81,705	15
16	Average Volume	22.5	18.2	4.3	16
17	Average Revenue	\$ 32.86	\$ 29.85	\$ 3.01	17
18	EEP % of Average Revenue			10.08%	18
G-11 - Low Income Multi-Family Residential					
19	Bills	2,715	2,715	0	19
20	Volume (Therms)	69,397	56,389	13,008	20
21	Revenue	\$ 70,739	\$ 64,333	\$ 6,405	21
22	Average Volume	25.6	20.8	4.8	22
23	Average Revenue	\$ 26.05	\$ 23.70	\$ 2.36	23
24	EEP % of Average Revenue			9.96%	24

SOUTHWEST GAS CORPORTION
QUARTERLY ENERGY EFFICIENCY ENABLING PROVISION (EEP) REPORT
AVERAGE MONTHLY BILLS WITH AND WITHOUT EEP
DECEMBER 2012
TOTAL ARIZONA

Line No.	Description	With EEP	Without EEP	Difference	Line No.
G-25 Small General Service					
1	Bills	11,071	11,071	0	1
2	Volume (Therms)	383,854	302,254	81,600	2
3	Revenue	\$ 826,511	\$ 758,034	\$ 68,478	3
4	Average Volume	34.7	27.3	7.4	4
5	Average Revenue	\$ 74.66	\$ 68.47	\$ 6.19	5
6	EEP % of Average Revenue			9.03%	6
G-25 Medium General Service					
7	Bills	12,999	12,999	0	7
8	Volume (Therms)	4,087,250	3,513,547	573,703	8
9	Revenue	\$ 3,878,304	\$ 3,615,348	\$ 262,956	9
10	Average Volume	314.4	270.3	44.1	10
11	Average Revenue	\$ 298.35	\$ 278.13	\$ 20.23	11
12	EEP % of Average Revenue			7.27%	12
G-25 Large 1 General Service					
13	Bills	5,432	5,432	0	13
14	Volume (Therms)	9,595,644	8,430,200	1,165,444	14
15	Revenue	\$ 7,824,228	\$ 7,343,331	\$ 480,897	15
16	Average Volume	1,766.5	1,552.0	214.6	16
17	Average Revenue	\$ 1,440.40	\$ 1,351.87	\$ 88.53	17
18	EEP % of Average Revenue			6.55%	18
G-25 Large 2 General Service					
19	Bills	325	325	0	19
20	Volume (Therms)	2,832,380	2,497,524	334,856	20
21	Revenue	\$ 1,986,674	\$ 1,890,048	\$ 96,626	21
22	Average Volume	8,715.0	7,684.7	1,030.3	22
23	Average Revenue	\$ 6,112.84	\$ 5,815.53	\$ 297.31	23
24	EEP % of Average Revenue			5.11%	24