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SOUTHWEST GAS CORPORATION

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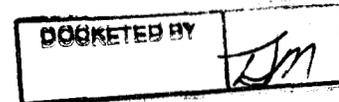
ACC CORP COMMISSION
DOCKET CONTROL

April 26, 2013

Arizona Corporation Commission
DOCKETED

APR 26 2013

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



Re: Docket No. G-01551A-10-0458

Southwest Gas Corporation (Southwest Gas) herewith submits to the Arizona Corporation Commission (Commission) an original and thirteen (13) copies of its Reply Comments in response to the April 15, 2013 Memorandum and Proposed Order filed by the Commission's Utilities Division Staff.

If you have any questions or comments regarding the attached, please do not hesitate to contact me at 702-876-7163.

Respectfully submitted,

Debra S. Gallo *by cmg*

Debra S. Gallo, Director
Government & State Regulatory Affairs

DSG:kt
Enclosures

c: Steven Olea, ACC
Bob Gray, ACC
Brian Bozzo, ACC Compliance
Robin Mitchell, ACC Legal Division
Patrick Quinn, RUCO

1 Decision pursuant to A.R.S. 40-252.”¹ A.R.S. 40-252 grants the Commission authority
2 to rescind, alter or amend its orders, after providing parties notice and an opportunity
3 to be heard. In this case, Southwest Gas is not seeking to rescind, alter or modify any
4 portion of the COYL program as it is set forth in the Settlement Agreement and
5 Decision. Rather, Southwest Gas seeks authority to establish a second phase of the
6 program that would increase efficiencies and program effectiveness by allowing the
7 Company to schedule COYL work to coincide with major pipe replacement projects,
8 and to (with the customer’s consent) replace all COYLs, regardless of whether or not
9 they are leaking. Phase II of the COYL project is intended only to supplement the
10 existing COYL program, which will continue to run as detailed in the Settlement
11 Agreement and Decision.

12 3. Moreover, the Settlement Agreement provides specific guidance on the
13 procedural avenue for the Commission to consider the proposed expansion of the
14 COYL program. Because COYLs are not utility-owned, the parties expected that the
15 program would evolve once it was fully implemented and the Company was able to
16 gather more information regarding COYLs. Accordingly, the Settlement Agreement
17 contemplated and provides for the Company to “*report on its findings and*
18 *recommendations*” as part of its annual COYL filings.² Consistent with the Settlement
19 Agreement, Southwest Gas has identified and presented to the Commission what it
20 believes to be a reasonable extension of the COYL program that will increase
21 efficiencies and program effectiveness. The Company believes the Commission has
22 the authority to review and consider the proposed program expansion in conjunction
23 with the instant Application, and encourages the Commission to approve the
24 requested Phase II of the COYL project as proposed.

25 4. Southwest Gas understands and shares Staff’s concern with the number
26 of customers who did not have their COYLs inspected because they did not respond
27 to the Company’s multiple efforts to make contact concerning the program, or

28 ¹ Staff Memorandum and Proposed Order, at pg. 2.

² Settlement Agreement, at §5.18.

1 because they declined the inspection. As the Commission is aware, the Company
2 must, in many cases, coordinate with and obtain the consent of customers before
3 conducting the inspections.³ In light of this necessary customer involvement, it is not
4 feasible for Southwest Gas to submit a plan designed to “ensure that all COYLs are
5 inspected”, as Staff suggests.⁴ However, the Company is willing to submit a plan
6 within 90 days of the decision on this Application, aimed at increasing customer
7 response and participation in the COYL inspection process.

8 Based upon the foregoing, Southwest Gas respectfully requests that the
9 Commission:

- 10 1. Approve the CCRM surcharge, effective June 1, 2013, as set forth in the
11 Company’s Application and Staff’s Memorandum and Proposed Order;
- 12 2. Approve the Company’s request to expand the COYL program, as set
13 forth in the Application; and
- 14 3. Require the Company to submit a plan aimed at increasing customer
15 response and participation in the COYL inspection process, within 90 days of
16 the decision on this Application.

17 Respectfully submitted this 26th of April 2013.

18
19 SOUTHWEST GAS CORPORATION

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³ Id. at §5.14.

⁴ Staff Memorandum and Proposed Order, at pg. 2 and 3.