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BEFORE THE ARIZONA CORPORATION

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Arizona Corporation Commission

DOCKETED

JAN 29 2014

COMMISSIONERS

BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

DOCKETED BY NR

IN THE MATTER OF THE APPLICATION
OF SOUTHWEST GAS CORPORATION FOR
MODIFICATION OR CLARIFICATION OF
DECISION NO. 72723 PURSUANT TO A.R.S.
§ 40-252 TO PERMIT IMPLEMENTATION
OF PHASE II TO THE CUSTOMER OWNED
YARD LINE PROGRAM.

DOCKET NO. G-01551A-10-0458

ORDER MODIFYING DECISION NO. 72723

DECISION NO. 74304

ORDER

Open Meeting
January 14, 2014
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On, January 6, 2012, the Arizona Corporation Commission (“Commission”) issued Decision No. 72723. Decision No. 72723 approved a settlement that globally resolved an application by Southwest Gas Corporation (“SWG” or “Company”) for a rate increase. Among the terms of the settlement was a provision concerning Customer Owned Yard Lines (“COYL”) replacement. The COYL program permits customers with leaking COYLs to replace them with facilities owned and operated by the Company.

2. On November 8, 2013, the Company filed a request pursuant to A.R.S. § 40-252 that the Commission reopen Decision No. 72723 in order to modify or clarify the COYL provision to add a “Phase II” component to the COYL program. Due to positive customer feedback, SWG anticipates significant customer interest in replacement of non-leaking COYLs as well as the currently contemplated leaking COYLs. Likewise, the Company expects to realize efficiencies and increased

1 program effectiveness brought about by coordinated scheduling of COYL replacement, regardless of
2 leakage, in conjunction with other SWG pipeline replacement projects.

3 3. SWG's requested modification would also permit the Company to present for
4 Commission consideration future changes to the COYL program as part of the Company's annual
5 COYL filings.

6 4. On December 31, 2013, the Company filed notice to the Commission that it had met
7 and conferred with each signatory to the settlement approved by Decision No. 72723 and represented
8 that no signatory opposes SWG's requested modification to the COYL program.

9 5. On January 14, 2014, at a noticed Open Meeting and with notice and opportunity to be
10 heard, the Commission considered the matter. No party to the matter objected to grant of the
11 Company's request.

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CONCLUSIONS OF LAW

14 1. The Commission has jurisdiction over Southwest Gas Corporation and over the
15 subject matter herein pursuant to Article XV of the Arizona Constitution and A.R.S. § 40-252.

16 2. It is reasonable for the Commission to approve the requested authority to develop and
17 implement a second phase to the Customer Owned Yard Line program and to permit future changes
18 to the program be proposed for Commission consideration and approval during the Company's
19 annual COYL filings.

20 3. The Commission, having reviewed the request and considered the matter, finds that it
21 is in the public interest to amend Decision No. 72723 to grant the requested modifications to the
22 settlement's COYL program.

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ORDER

24 IT IS THEREFORE ORDERED that Decision No. 72723 is modified to change paragraph 56
25 to state:

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Under the terms of the Settlement, SWG will purchase leak detection devices and set up a program to check COYLs for leaks, and if leaks are found, the Company will replace the COYL with a normal service line configuration. In addition, the Company

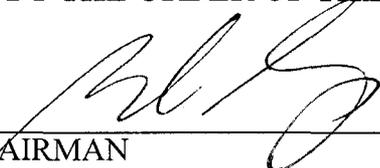
will schedule COYL replacements in coordination with its other pipeline replacement projects and will replace COYLS with a normal service line configuration, regardless of whether such COYLS are leaking. However, the Company will prioritize the replacement of leaking COYLS over non-leaking COYLS. SWG will report its findings and recommendations on an annual basis, at which time the Commission will consider any proposed program modifications. Subject to this annual reporting requirement, SWG will be permitted to add a surcharge to all bills to recover an amount approximately equal to the amount that would have been assessed if the additional plant had been in rate base during the test year. (Id. at 18-20).

IT IS FURTHER ORDERED that Decision No. 72723 is modified at page 45, line 6 to insert the new Ordering Paragraph:

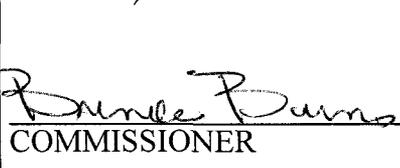
IT IS FURTHER ORDERED that Southwest Gas Corporation may, as part of the annual customer owned yard line program compliance filing, request Commission consideration and approval of program modifications.

IT IS FURTHER ORDERED that this decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

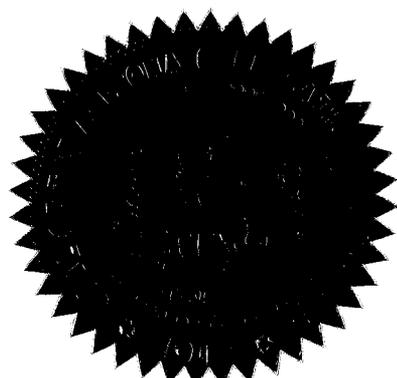

CHAIRMAN


COMMISSIONER

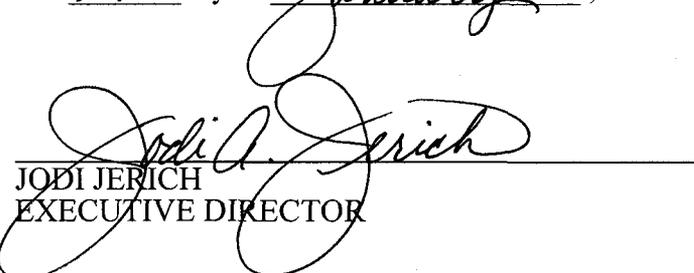

COMMISSIONER


COMMISSIONER


COMMISSIONER



IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 29th day of January, 2014.


JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

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