

NEW APPLICATION  
ORIGINAL



**SOUTHWEST GAS CORPORATION** RECEIVED

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January 30, 2014

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

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

G-01551A-14-0027

**Re: Application for Approval to Revise the Rate Collected Through  
its Demand Side Management Adjustor Mechanism**

Southwest Gas Corporation herewith submits for filing an original and thirteen (13) copies of its application requesting approval to revise the rate collected through the demand-side management (DSM) adjustor mechanism.

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

Respectfully submitted,

*Debra S. Gallo* <sup>by</sup> *cms*

Debra S. Gallo, Director  
Government & State Regulatory Affairs

Arizona Corporation Commission  
**DOCKETED**

JAN 29 2014

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

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

IN THE MATTER OF THE APPLICATION  
OF SOUTHWEST GAS CORPORATION  
FOR APPROVAL TO REVISE THE RATE  
COLLECTED THROUGH ITS DEMAND-  
SIDE MANAGEMENT ADJUSTOR  
MECHANISM.

DOCKET NO.: G-01551-A-14-

**APPLICATION**

**APPLICATION**

**Introduction**

1. Southwest Gas Corporation (“Southwest Gas” or “Company”) hereby submits its application to the Arizona Corporation Commission (“Commission”) respectfully requesting approval to revise the rate collected through the demand-side management (“DSM”) adjustor mechanism.

2. Southwest Gas is a corporation in good standing under the laws of the state of Arizona, is a corporation duly organized, validly existing, and is qualified to transact intrastate business.

3. Southwest Gas’ corporate offices are located at 5241 Spring Mountain Road, P. O. Box 98510 Las Vegas, Nevada 89193-8510. Communications regarding this filing should be addressed to:

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Associate General Counsel  
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Telephone No. (702) 364-3227  
Email: [jason.wilcock@swgas.com](mailto:jason.wilcock@swgas.com)

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1           4.     Southwest Gas is a public utility subject to the jurisdiction of the  
2 Commission pursuant to Article XV of the Arizona Constitution and the applicable  
3 chapters of Title 40 of the Arizona Revised Statutes ("A.R.S."). Southwest Gas  
4 currently serves approximately 1.9 million customers in the states of Arizona,  
5 California, and Nevada. Approximately 54 percent of the Company's customers are  
6 located in the state of Arizona, including portions of Cochise, Gila, Graham, Greenlee,  
7 La Paz, Maricopa, Mohave, Pima, Pinal, and Yuma counties. For operational  
8 purposes, Southwest Gas' Central Arizona division is headquartered in Phoenix and  
9 its Southern Arizona division is headquartered in Tucson.

10 **Background**

11           5.     The Commission issued Decision No. 60352 approving a settlement in  
12 Southwest Gas' 1996 general rate case, which included the establishment of a DSM  
13 adjustor mechanism. Pursuant to Decision No. 60352, Southwest Gas was directed to  
14 file a request each year to set the DSM rate to recover the projected costs of its  
15 Commission-approved DSM and conservation and energy-efficiency programs. The  
16 Commission's Utilities Division Staff ("Staff") and Southwest Gas collaborated on a  
17 process in which Southwest Gas would file its request each year by the end of  
18 January to enable Staff sufficient time to perform its analysis for a rate adjustment.  
19 The revised rate is to become effective April 1 of each year.

20           6.     Southwest Gas filed a request January 31, 2013 in Docket No. 13-0018  
21 seeking to revise the DSM rate effective the first billing cycle in April 2013. To  
22 address the under-recovery that existed in the DSM adjustor balancing account and to  
23 account for the Company's projected spending, Southwest Gas sought to increase the  
24 DSM rate from \$0.00200 to \$0.01022 per therm. On March 21, 2013, the Commission  
25 issued Decision No. 73772 whereby it ordered that the DSM rate be reset to  
26 \$0.007791 per therm.

27           7.     Southwest Gas filed an application June 3, 2013 requesting approval of  
28 its Energy Efficiency and Renewable Energy Resource Technology Portfolio

1 Implementation Plan ("Years Three and Four EE & RET Plan") in compliance with the  
2 Gas Utility Energy Efficiency Standards and as part of Southwest Gas' commitment in  
3 the settlement agreement in its general rate case application (Docket No. 10-0458).  
4 The Years Three and Four EE & RET Plan consisted of seven programs with  
5 proposed annual budgets totaling \$7.5 million and \$6 million, respectively, that were  
6 designed to achieve approximately 4,874,208 therms or therm equivalents in energy  
7 savings during Year Three and approximately 3,863,936 therms or therm equivalents  
8 in energy savings during Year Four.

9 8. At an open meeting held January 14, 2014, the Commission approved  
10 an annual budget totaling \$4.7 million for Year Three and an identical budget amount  
11 for Year Four. The Commission further approved the continuation of five of the seven  
12 proposed conservation and energy-efficiency programs.

### 13 **Request to Revise the DSM Rate**

14 9. In accordance with Decision No. 60352, Southwest Gas hereby requests  
15 to revise its DSM rate to reflect Southwest Gas' projected conservation and energy-  
16 efficiency program costs for the rate effective period of April 1, 2014 through March  
17 31, 2015.

18 10. As previously mentioned, Southwest Gas recently received Commission  
19 approval of five conservation and energy-efficiency programs, with a combined  
20 approved budget totaling \$4.7 million for Year Three. The programs are as follows:  
21 *Smarter Greener Better*<sup>®</sup> ("SGB") Homes program; SGB Custom Commercial  
22 (Business) Rebates program; SGB Distributed Generation program; SGB Low-Income  
23 Energy Conservation ("LIEC") program (comprised of LIEC – Weatherization and LIEC  
24 – Bill Assistance components); and SGB Solar Thermal Rebates program.

25 11. Southwest Gas continues to improve the level of customer participation  
26 in its programs. Participation levels and Southwest Gas' related spending on  
27 Commission-approved conservation and energy-efficiency programs have steadily  
28 increased since 2009. In Year One of its EE & RET Plan Southwest Gas spent

1 approximately 94% of its \$4.7 million budget. The Company is on target to reach its  
2 \$4.7 million budget for Year Two before the end of the plan year with expenditures of  
3 approximately \$3.7 million as of November 2013. This increased participation is one  
4 of the reasons the DSM adjustor mechanism balancing account maintains an under-  
5 recovered balance, even with the current Commission-approved rate of \$0.007791 per  
6 therm.

7 12. Based on program participation during recent years, Southwest Gas  
8 anticipates spending approximately \$4.7 million during the rate effective period – April  
9 1, 2014 through March 31, 2015. This anticipated level of spending is derived from  
10 Southwest Gas' current Commission-approved conservation and energy-efficiency  
11 program budget and the direction provided to the Company in Decision Nos. 73229  
12 and 73231. Attached hereto as Exhibit A is the computation of the proposed rate for  
13 the DSM adjustor mechanism to reflect Southwest Gas' current authorized level of  
14 spending. Based on the current under-recovery in the DSM adjustor balancing  
15 account and the anticipated spending level of approximately \$4.7 million, Southwest  
16 Gas requests that the DSM rate be increased from \$0.007791 to \$0.01003 per therm.

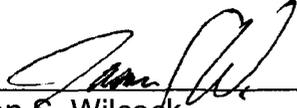
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1 **Conclusion**

2 13. Southwest Gas projects that the under-recovery in the DSM adjutor  
3 mechanism balancing account will be approximately \$1.7 million by the end of March  
4 2014. As the Company expects – based on current levels of spending – that it will  
5 continue to spend nearly its entire authorized budget during the rate effective period,  
6 Southwest Gas respectfully requests that the Commission revise the DSM rate to  
7 \$0.01003 per therm to reduce the continuing under-collection in its DSM adjutor  
8 mechanism balancing account.

9 Respectfully submitted this 29<sup>th</sup> day of January 2014.

10 SOUTHWEST GAS CORPORATION

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12   
13 \_\_\_\_\_  
14 Jason S. Wilcock  
15 Arizona Bar No. 028856  
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21 *Attorney for Southwest Gas Corporation*

**SOUTHWEST GAS CORPORATION  
ARIZONA  
CALCULATION OF DEMAND SIDE MANAGEMENT (DSM) SURCHARGE**

Line No.	Description (a)	Therms (b)	Amounts (c)	Line No.
1	2014 Projected Program Costs (Based on approved budget for EE & RET Program Year 3 in Docket No. G-01551A-13-0170)		\$ 4,700,000	1
<u>Adjustments to calculate new DSM Surcharge</u>				
2	DSM Balancing Account Balance @ December 31, 2013		2,898,443	2
3	Estimated Surcharge Recoveries, January - March, 2014		(2,240,355)	3
4	Estimated Surcharge Accruals, January - March, 2014 [1]		<u>1,003,691</u>	4
5	Total to be Recovered		\$ 6,361,779	5
6	Less: Low-Income Therms X \$0.00200 per Therm [2]	12,428,440	<u>24,857</u>	6
7	Non-Low-Income Amount to be Recovered		\$ 6,336,923	7
8	Non-Low-Income DSM Therms applicable to Surcharge [2]	631,523,680		8
9	DSM Surcharge Rate Per Therm		<u>\$ 0.01003</u>	9

[1] Estimated remaining Program Year 2 expenditures  
[2] 2013 Volumes (See Sheet 4).

**SOUTHWEST GAS CORPORATION  
ARIZONA  
ESTIMATED SURCHARGE RECOVERIES**

Line No.	Description (a)	Projected Volumes [1] (b)	Surcharge Per Therm (c)	Estimated Recovery (d)	Line No.
<u>Low-Income Volumes</u>					
1	January-2014	2,761,265	\$ 0.00200	\$ 5,523	1
2	February-2014	2,263,758	0.00200	4,528	2
3	March-2014	1,772,461	0.00200	3,545	3
		<u>6,797,484</u>		<u>\$ 13,596</u>	
<u>Non-Low-Income Volumes</u>					
4	January-2014	115,388,204	\$ 0.00779	\$ 898,874	4
5	February-2014	93,314,262	0.00779	726,918	5
6	March-2014	77,145,922	0.00779	600,967	6
		<u>285,848,388</u>		<u>\$ 2,226,759</u>	
7	Total	<u>292,645,872</u>		<u>\$ 2,240,355</u>	7

[1] 2013 actual volumes are used for projection.

**SOUTHWEST GAS CORPORATION  
ARIZONA  
DSM AND CONSERVATION AND ENERGY EFFICIENCY PROGRAMS  
EXPENDITURES BY MONTH  
FOR THE TWELVE-MONTHS ENDED DECEMBER 2013**

Line No.	Description (a)	Low-income Energy Conservation		Smarter Greener Better Homes (d)	Solar Thermal Rebates (e)	Commercial (Business) Rebates		Consumer Product Financing (h)	Custom Commercial (Business) Rebates (i)	Distributed Generation (l)	Residential Rebates (k)	Low Income Energy Conservation Shareholder Fund (f)	Total (m)	Line No.
		Assistance (b)	Weatherization (c)			Commercial Energy Efficient Boiler (f)	High Efficiency Equipment (g)							
1	January-2013	\$ 5,332	\$ -	\$ 6,198	\$ 31,840	\$ 57	\$ 21,971	\$ 7,558	\$ -	\$ 5,048	\$ 83,612	\$ -	\$ 161,616	1
2	February-2013	-	109,175	81,900	110,245	-	7,462	-	12,910	-	62,138	-	383,830	2
3	March-2013	-	-	134,269	32,964	-	5,403	-	5,903	-	13,736	-	192,275	3
4	April-2013	-	19	-	32,150	-	7,021	(25,020)	1,000	-	57,101	-	72,271	4
5	May-2013	(10,703)	144,810	839,657	428,774	-	548	-	38,738	-	1,376	-	1,443,200	5
6	June-2013	-	173,913	33,750	47	-	2,647	-	-	-	57,233	-	267,590	6
7	July-2013	-	1,151	240,047	20,338	-	4,573	-	3,364	-	43,252	-	312,725	7
8	August-2013	193,053	2,420	399,604	49,845	-	140,614	77	2,751	1,067	113,131	-	902,562	8
9	September-2013	-	(90,951)	280,418	37,072	-	4,506	-	289	-	2,077	-	233,411	9
10	October-2013	-	3,553	132,669	42,679	-	1,738	-	49,333	725	4,922	-	235,619	10
11	November-2013	-	110,700	356,384	42,299	-	(13,840)	-	884	1,156	18,425	-	516,008	11
12	December-2013	-	2,534	422,073	129,669	-	53,437	-	13,194	2,025	13,443	(180,263)	456,112	12
13	Total	\$ 182,350	\$ 462,656	\$ 2,926,969	\$ 957,922	\$ 57	\$ 236,080	\$ (17,365)	\$ 128,366	\$ 10,021	\$ 470,446	\$ (180,263)	\$ 5,177,219	13

**SOUTHWEST GAS CORPORATION  
ARIZONA  
VOLUMES APPLICABLE TO DSM SURCHARGE**

Line No.	Jan-13 (a)	Feb-13 (b)	Mar-13 (c)	Apr-13 (d)	May-13 (e)	Jun-13 (f)	Jul-13 (g)	Aug-13 (h)	Sep-13 (i)	Oct-13 (j)	Nov-13 (k)	Dec-13 (l)	Total (m)	Line No.
1	Therms 124,228,674	101,701,651	84,353,208	49,939,777	45,152,642	39,227,391	35,782,091	35,365,023	35,318,153	38,287,472	46,565,103	80,299,077	716,220,262	1
<b>Exempt Contracts</b>														
2	32003T	151,488	114,282	123,734	154,120	112,948	128,600	112,766	125,874	155,360	132,970	129,514	1,557,660	2
3	32004T	447,672	397,202	435,336	416,838	380,662	335,562	377,540	367,940	393,052	394,334	415,982	4,760,718	3
4	32019B	-	-	-	-	-	-	-	-	-	-	-	-	4
5	36020T	79,396	80,598	88,210	101,600	83,404	96,394	101,200	94,380	106,270	90,718	95,408	1,112,602	5
6	36026O	300,990	258,070	376,030	492,810	549,376	583,830	607,670	500,098	519,496	445,532	440,286	5,674,796	6
7	42003T	52,797	53,624	45,721	48,013	51,016	43,306	61,367	63,732	68,083	71,390	52,423	658,727	7
8	42005T	166,816	142,847	146,548	136,275	125,036	113,577	117,446	120,484	124,362	96,135	93,114	1,514,284	8
9	42036B	72,221	82,331	85,350	103,809	102,500	93,620	96,612	102,590	126,830	106,861	111,452	1,212,498	9
10	42037B	806,775	759,953	827,610	779,966	710,048	638,411	575,695	519,486	649,865	632,317	790,110	8,483,691	10
11	42097B	217,242	204,951	247,976	257,768	218,648	193,021	200,044	189,022	201,833	205,685	218,313	2,606,858	11
12	42164T	311,816	305,687	320,136	316,141	287,628	305,820	283,984	180,671	201,003	145,671	166,487	3,124,474	12
13	44002S	425,396	400,802	432,594	369,222	389,056	390,874	396,674	393,986	405,918	418,204	423,294	4,859,534	13
14	47014B	-	-	-	-	-	-	-	-	248,804	280,580	245,736	775,120	14
15	48007O	3,046,596	3,323,284	2,305,580	50,504	4,963,002	4,567,372	5,128,044	5,685,010	1,150,968	120,090	521,210	35,927,180	15
16	Exempt	6,079,205	6,123,631	5,434,825	3,227,066	7,973,324	7,490,387	8,059,042	8,343,273	4,351,844	3,140,487	3,703,329	72,268,142	16
17	Low-Income	2,761,265	2,263,758	1,772,461	743,936	466,200	393,538	380,113	391,541	448,955	651,033	1,574,094	12,428,440	17
18	Total	115,388,204	93,314,262	77,145,922	45,968,775	36,229,367	30,787,867	27,898,166	26,925,868	33,486,673	42,773,583	75,021,654	631,523,680	18

**SOUTHWEST GAS CORPORATION  
ARIZONA  
MONTHLY DSM PROGRAM ACCOUNT ACTIVITY**

Line No.	Description (a)	Expenditures (b)	Recoveries (c)	Interest (d)	Refunds (e)	Ending Balance (f)	Line No.
1	Ending Balance, per books, 12/31/2012					\$ 802,475	1
2	January-2013	\$ 161,616	\$ (235,311)	\$ 107	\$ -	\$ 728,887	2
3	February-2013	383,830	(191,249)	91	-	921,559	3
4	March-2013	192,275	(156,858)	126	-	957,102	4
5	April-2013	72,271	(237,697)	122	-	791,798	5
6	May-2013	1,443,200	(280,860)	81	-	1,954,219	6
7	June-2013	267,590	(169,846)	197	-	2,052,160	7
8	July-2013	312,725	(294,961)	242	-	2,070,166	8
9	August-2013	902,562	(218,720)	209	-	2,754,217	9
10	September-2013	233,411	(216,176)	300	-	2,771,752	10
11	October-2013	235,619	(251,504)	297	-	2,756,164	11
12	November-2013	516,008	(313,312)	296	-	2,959,156	12
13	December-2013	456,112	(517,143)	318	-	2,898,443	13
14	Annual Total	<u>\$ 5,177,219</u>	<u>\$(3,083,637)</u>	<u>\$ 2,386</u>	<u>\$ -</u>	<u>\$ 2,898,443</u>	14