

OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION COMMISSION

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ARIZONA CORP COMMISSION
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Arizona Corporation Commission

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JAN 13 2014

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In the Matter of the Emergency Application of Southwest Gas Corporation for Approval of Interim Funding for the Company's Energy Efficiency and Renewable Energy Resource Technology Portfolio Implementation Plan

DOCKET NO. G-01551A-13-0407

COMMENTS

COMMENTS OF

SOUTHWEST GAS CORPORATION

Southwest Gas Corporation (Southwest Gas or Company) hereby submits written comments in response to the Arizona Corporation Commission's (Commission) Utilities Division Staff's (Staff) Memorandum and Proposed Order regarding Southwest Gas' Emergency Application for Approval of Interim Funding for the Company's Energy Efficiency and Renewable Energy Resource Technology Portfolio Implementation Plan (Application), filed November 26, 2013. The Company also provides comments on Pierce Proposed Amendment No. 1.

I. Staff's Memorandum and Proposed Order

As discussed in the Southwest Gas' Application, the Company is currently in the second plan year of its Energy Efficiency and Renewable Energy Resource Technology Portfolio Implementation Plan (EE and RET Plan). Plan Year Two concludes May 31, 2014. At the time the Application was filed, the Company had expended \$3.7 million of its approved \$4.7 million Plan Year Two budget. Interim funding is therefore required in order to avoid the possibility of programs being shut down prior to the end of the current program year.

1 Southwest Gas appreciates Staff's prompt review of the Application and its
2 recommendation that the Commission approve \$1.3 million in interim funding, and the
3 Company supports approval of Staff's proposed order. The interim funding will allow
4 the Company to continue offering its full portfolio of Plan Year Two programs and
5 measures to its Arizona customers without interruption.

6 **II. Pierce Proposed Amendment No. 1**

7 Pierce Proposed Amendment No. 1 recommends that the Company's request
8 for interim funding be denied, and that its Residential and Commercial Rebates
9 programs be discontinued and eliminated. As discussed in Southwest Gas' comments
10 regarding Pierce proposed Amendment No. 1 in Docket No. 13-0170, the proposed
11 amendment does not provide for the continuation of programs that have been shown
12 by the Company to be cost-effective. It could also result in customer confusion and
13 place Southwest Gas at a competitive disadvantage.

14 Additionally, the proposed amendment appears to misconstrue the Company's
15 DSM surcharge mechanism, as it incorrectly suggests that increasing the Company's
16 budget could lead to an unreasonably larger under-collection and a potential burden
17 on ratepayers that is not in the public interest. To clarify, Southwest Gas' DSM
18 surcharge is a collection mechanism that is completely separate and distinct from its
19 spending authorization. Southwest Gas does not collect monies from customers for
20 its EE & RET programs as it goes. Rather, the Commission authorizes a level of
21 spending by way of an approved budget (currently \$4.7 million), which is the *maximum*
22 *amount* the Company will spend on its portfolio unless and until the Commission
23 authorizes additional spending. As customers take advantage of the program dollars,
24 the dollars are separately tracked in a deferred account. That deferred account
25 balance, along with the amount the Company has collected, and the amount the
26 Company expects to spend, are all taken into account when calculating the DSM
27 surcharge. As such, authorizing the interim funding as set forth in Staff's
28 Memorandum and Proposed Order will not result in an unreasonably large under-

1 collection or a burden on ratepayers that is not in the public interest, as the Company,
2 the Commission and other interested parties will have the opportunity to evaluate the
3 DSM surcharge and its impact on customers when the Company files its next
4 application to adjust the surcharge.¹

5 **III. Conclusion**

6 Based on the foregoing, Southwest Gas requests that Staff's proposed order be
7 approved.

8 Dated this 13th day of January, 2014.

9 Respectfully submitted,

10 SOUTHWEST GAS CORPORATION

11 

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28 ¹ As discussed in Staff's Memorandum and Proposed Order in Docket No. 13-0170, Southwest Gas files to reset its DSM Adjuster rate in January of each year, with the new rate taking effect in the first billing cycle the following April.