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SOUTHWEST GAS CORPORATION

January 30, 2014

ORIGINAL

Arizona Corporation Commission

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

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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 amy

Debra S. Gallo, Director
Government & State Regulatory Affairs

Enclosures

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**Southwest Gas Corporation
Energy Efficiency Enabling Provision
2013 4th Quarter Compliance Report**

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SOUTHWEST GAS CORPORATION

I. INTRODUCTION

Southwest Gas Corporation hereby submits its 2013 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, 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 customer 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 results in the Company recovering the margin per customer authorized by the Commission, no more, no less.

During the reporting period, Southwest Gas' Phoenix and Tucson customers experienced weather that was approximately eighteen (18) percent warmer overall than the historical average. While a number of customers received bill adjustments consistent

with warmer than normal weather, customers in billing cycles that experienced colder than normal weather received bill credits.

II. DISCUSSION

This report is for the quarterly period October 1, 2013 through December 31, 2013. 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. Southwest Gas filed an application with the Commission, Docket No. G-01551A-10-0458, seeking to return the deferred balance in the non-weather margin tracker of approximately \$1.9 million dollars to customers. The application was approved in December and a credit of (\$0.00387) per therm became effective January 1, 2014. Since this credit was not

effective until January 1, this quarterly report only shows the effect of the monthly weather adjustment on customer bills during the fourth quarter of 2013.

Table 1 summarizes the fourth quarter bill impacts for the residential and non-residential sectors. Even though the weather for this period was unusually warm, the average quarterly EEP adjustments were relatively modest.

Table 1- Average Bill by Sector

	<u>W/EEP Adjustment</u>	<u>W/O EEP Adjustment</u>	<u>Difference</u>
Residential Sector	\$54.80	\$54.18	\$0.62
Non-Residential Sector	\$557.23	\$554.90	\$2.33

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	\$56.07	\$55.43	\$0.64
Low Income Single Family	\$36.94	\$36.76	\$0.18
Multi Family Residential	\$35.06	\$34.68	\$0.38
Low Income Multi Family	\$26.31	\$26.37	(\$0.06)
Small General Service	\$83.05	\$83.44	(\$0.39)
Medium General Service	\$292.76	\$292.01	\$0.75
Large-1 General Service	\$1,413.87	\$1,406.01	\$7.86
Large-2 General Service	\$6,103.26	\$6,076.82	\$26.44

Attachment I contains schedules showing the detail 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.

III. SUMMARY

As illustrated in the tables above, the EEP continues to perform as intended. The monthly weather adjustment has stabilized customer bills by reflecting normal weather conditions and providing customers timely relief from colder than normal weather when their natural gas bills are the highest and providing modest increases to bills when the weather is warmer than normal and bills are the lowest.

The monthly weather adjustment of the EEP will continue through April 30, 2014. The Company's next quarterly report will reflect the difference between January, February and March bills with and without the monthly EEP adjustment as well as the quarterly effects of the recent Commission approved non-weather margin tracker pursuant to Docket No. G-01551A-10-0458.

Southwest Gas will continue to closely monitor the performance of the EEP 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 2013
TOTAL ARIZONA

Line No.	Description	With EEP	Without EEP	Difference	Line No.
Residential Sector					
1	Bills	978,255	978,255	0	1
2	Volume (Therms)	40,585,156	39,724,301	860,855	2
3	Revenue	\$ 53,609,150	\$ 53,006,684	\$ 602,466	3
4	Average Volume	41.5	40.6	0.9	4
5	Average Revenue	\$ 54.80	\$ 54.18	\$ 0.62	5
6	EEP % of Average Revenue			1.14%	6
Non-Residential Sector					
7	Bills	34,909	34,909	0	7
8	Volume (Therms)	22,521,548	22,310,340	211,208	8
9	Revenue	\$ 19,452,369	\$ 19,371,168	\$ 81,201	9
10	Average Volume	645.2	639.1	6.1	10
11	Average Revenue	\$ 557.23	\$ 554.90	\$ 2.33	11
12	EEP % of Average Revenue			0.42%	12

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TOTAL ARIZONA

Line No.	Description	With EEP	Without EEP	Difference	Line No.
G-5 - Single-Family Residential					
1	Bills	916,764	916,764	0	1
2	Volume (Therms)	38,558,321	37,722,135	836,186	2
3	Revenue	\$ 51,403,896	\$ 50,815,772	\$ 588,124	3
4	Average Volume	42.1	41.1	1.0	4
5	Average Revenue	\$ 56.07	\$ 55.43	\$ 0.64	5
6	EEP % of Average Revenue			1.15%	6
G-10 - Low Income Single-Family Residential					
7	Bills	38,805	38,805	0	7
8	Volume (Therms)	1,487,412	1,473,073	14,339	8
9	Revenue	\$ 1,433,514	\$ 1,426,480	\$ 7,034	9
10	Average Volume	38.3	38.0	0.3	10
11	Average Revenue	\$ 36.94	\$ 36.76	\$ 0.18	11
12	EEP % of Average Revenue			0.49%	12
G-6 - Multi-Family Residential					
13	Bills	19,990	19,990	0	13
14	Volume (Therms)	474,444	463,836	10,608	14
15	Revenue	\$ 700,798	\$ 693,351	\$ 7,447	15
16	Average Volume	23.7	23.2	0.5	16
17	Average Revenue	\$ 35.06	\$ 34.68	\$ 0.38	17
18	EEP % of Average Revenue			1.10%	18
G-11 - Low Income Multi-Family Residential					
19	Bills	2,696	2,696	0	19
20	Volume (Therms)	64,979	65,257	(278)	20
21	Revenue	\$ 70,942	\$ 71,081	\$ (139)	21
22	Average Volume	24.1	24.2	(0.1)	22
23	Average Revenue	\$ 26.31	\$ 26.37	\$ (0.06)	23
24	EEP % of Average Revenue			-0.23%	24

SOUTHWEST GAS CORPORATION
QUARTERLY ENERGY EFFICIENCY ENABLING PROVISION (EEP) REPORT
AVERAGE MONTHLY BILLS WITH AND WITHOUT EEP
NOVEMBER AND DECEMBER 2013
TOTAL ARIZONA

Line No.	Description	With EEP	Without EEP	Difference	Line No.
G-25 Small General Service					
1	Bills	9,603	9,603	0	1
2	Volume (Therms)	440,971	445,498	(4,527)	2
3	Revenue	\$ 797,510	\$ 801,304	\$ (3,794)	3
4	Average Volume	45.9	46.4	(0.5)	4
5	Average Revenue	\$ 83.05	\$ 83.44	\$ (0.39)	5
6	EEP % of Average Revenue			-0.47%	6
G-25 Medium General Service					
7	Bills	17,228	17,228	0	7
8	Volume (Therms)	5,160,346	5,132,287	28,059	8
9	Revenue	\$ 5,043,693	\$ 5,030,829	\$ 12,864	9
10	Average Volume	299.5	297.9	1.6	10
11	Average Revenue	\$ 292.76	\$ 292.01	\$ 0.75	11
12	EEP % of Average Revenue			0.26%	12
G-25 Large 1 General Service					
13	Bills	7,611	7,611	0	13
14	Volume (Therms)	12,938,000	12,793,121	144,879	14
15	Revenue	\$ 10,760,942	\$ 10,701,162	\$ 59,780	15
16	Average Volume	1,699.9	1,680.9	19.0	16
17	Average Revenue	\$ 1,413.87	\$ 1,406.01	\$ 7.86	17
18	EEP % of Average Revenue			0.56%	18
G-25 Large 2 General Service					
19	Bills	467	467	0	19
20	Volume (Therms)	3,982,231	3,939,434	42,797	20
21	Revenue	\$ 2,850,224	\$ 2,837,873	\$ 12,351	21
22	Average Volume	8,527.3	8,435.6	91.7	22
23	Average Revenue	\$ 6,103.26	\$ 6,076.82	\$ 26.44	23
24	EEP % of Average Revenue			0.44%	24

SOUTHWEST GAS CORPORTION
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TOTAL ARIZONA

Line No.	Description	With EEP	Without EEP	Difference	Line No.
Residential Sector					
1	Bills	317,024	317,024	0	1
2	Volume (Therms)	7,484,163	6,652,968	831,195	2
3	Revenue	\$ 11,051,942	\$ 10,472,777	\$ 579,165	3
4	Average Volume	23.6	21.0	2.6	4
5	Average Revenue	\$ 34.86	\$ 33.03	\$ 1.83	5
6	EEP % of Average Revenue			5.54%	6
Non-Residential Sector					
7	Bills	12,055	12,055	0	7
8	Volume (Therms)	6,631,010	6,449,306	181,704	8
9	Revenue	\$ 5,737,675	\$ 5,663,075	\$ 74,600	9
10	Average Volume	550.1	535.0	15.1	10
11	Average Revenue	\$ 475.96	\$ 469.77	\$ 6.19	11
12	EEP % of Average Revenue			1.32%	12

SOUTHWEST GAS CORPORTION
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Line No.	Description	With EEP	Without EEP	Difference	Line No.
G-5 - Single-Family Residential					
1	Bills	293,691	293,691	0	1
2	Volume (Therms)	7,004,755	6,209,099	795,656	2
3	Revenue	\$ 10,436,005	\$ 9,876,515	\$ 559,490	3
4	Average Volume	23.9	21.1	2.8	4
5	Average Revenue	\$ 35.53	\$ 33.63	\$ 1.90	5
6	EEP % of Average Revenue			5.65%	6
G-10 - Low Income Single-Family Residential					
7	Bills	14,100	14,100	0	7
8	Volume (Therms)	323,775	299,724	24,051	8
9	Revenue	\$ 370,064	\$ 358,205	\$ 11,859	9
10	Average Volume	23.0	21.3	1.7	10
11	Average Revenue	\$ 26.25	\$ 25.40	\$ 0.85	11
12	EEP % of Average Revenue			3.35%	12
G-6 - Multi-Family Residential					
13	Bills	8,100	8,100	0	13
14	Volume (Therms)	135,174	124,867	10,307	14
15	Revenue	\$ 220,310	\$ 213,076	\$ 7,234	15
16	Average Volume	16.7	15.4	1.3	16
17	Average Revenue	\$ 27.20	\$ 26.31	\$ 0.89	17
18	EEP % of Average Revenue			3.38%	18
G-11 - Low Income Multi-Family Residential					
19	Bills	1,133	1,133	0	19
20	Volume (Therms)	20,459	19,278	1,181	20
21	Revenue	\$ 25,563	\$ 24,981	\$ 582	21
22	Average Volume	18.1	17.0	1.1	22
23	Average Revenue	\$ 22.56	\$ 22.05	\$ 0.51	23
24	EEP % of Average Revenue			2.31%	24

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Line No.	Description	With EEP	Without EEP	Difference	Line No.
G-25 Small General Service					
1	Bills	2,820	2,820	0	1
2	Volume (Therms)	77,248	73,389	3,859	2
3	Revenue	\$ 169,174	\$ 165,933	\$ 3,241	3
4	Average Volume	27.4	26.0	1.4	4
5	Average Revenue	\$ 59.99	\$ 58.84	\$ 1.15	5
6	EEP % of Average Revenue			1.95%	6
G-25 Medium General Service					
7	Bills	6,356	6,356	0	7
8	Volume (Therms)	1,438,359	1,395,570	42,789	8
9	Revenue	\$ 1,458,303	\$ 1,438,687	\$ 19,616	9
10	Average Volume	226.3	219.6	6.7	10
11	Average Revenue	\$ 229.44	\$ 226.35	\$ 3.09	11
12	EEP % of Average Revenue			1.37%	12
G-25 Large 1 General Service					
13	Bills	2,693	2,693	0	13
14	Volume (Therms)	3,739,483	3,636,558	102,925	14
15	Revenue	\$ 3,121,751	\$ 3,079,281	\$ 42,470	15
16	Average Volume	1,388.6	1,350.4	38.2	16
17	Average Revenue	\$ 1,159.21	\$ 1,143.44	\$ 15.77	17
18	EEP % of Average Revenue			1.38%	18
G-25 Large 2 General Service					
19	Bills	186	186	0	19
20	Volume (Therms)	1,375,920	1,343,789	32,131	20
21	Revenue	\$ 988,447	\$ 979,174	\$ 9,273	21
22	Average Volume	7,397.4	7,224.7	172.7	22
23	Average Revenue	\$ 5,314.23	\$ 5,264.38	\$ 49.85	23
24	EEP % of Average Revenue			0.95%	24

SOUTHWEST GAS CORPORATION
QUARTERLY ENERGY EFFICIENCY ENABLING PROVISION (EEP) REPORT
AVERAGE MONTHLY BILLS WITH AND WITHOUT EEP
DECEMBER 2013
TOTAL ARIZONA

Line No.	Description	With EEP	Without EEP	Difference	Line No.
Residential Sector					
1	Bills	661,231	661,231	0	1
2	Volume (Therms)	33,100,993	33,071,333	29,660	2
3	Revenue	\$ 42,557,208	\$ 42,533,907	\$ 23,301	3
4	Average Volume	50.1	50.0	0.1	4
5	Average Revenue	\$ 64.36	\$ 64.33	\$ 0.03	5
6	EEP % of Average Revenue			0.05%	6
Non-Residential Sector					
7	Bills	22,854	22,854	0	7
8	Volume (Therms)	15,890,538	15,861,034	29,504	8
9	Revenue	\$ 13,714,694	\$ 13,708,093	\$ 6,601	9
10	Average Volume	695.3	694.0	1.3	10
11	Average Revenue	\$ 600.10	\$ 599.81	\$ 0.29	11
12	EEP % of Average Revenue			0.05%	12

SOUTHWEST GAS CORPORTION
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Line No.	Description	With EEP	Without EEP	Difference	Line No.
G-5 - Single-Family Residential					
1	Bills	623,073	623,073	0	1
2	Volume (Therms)	31,553,566	31,513,036	40,530	2
3	Revenue	\$ 40,967,891	\$ 40,939,257	\$ 28,634	3
4	Average Volume	50.6	50.6	0.0	4
5	Average Revenue	\$ 65.75	\$ 65.71	\$ 0.04	5
6	EEP % of Average Revenue			0.06%	6
G-10 - Low Income Single-Family Residential					
7	Bills	24,705	24,705	0	7
8	Volume (Therms)	1,163,637	1,173,349	(9,712)	8
9	Revenue	\$ 1,063,450	\$ 1,068,275	\$ (4,825)	9
10	Average Volume	47.1	47.5	(0.4)	10
11	Average Revenue	\$ 43.05	\$ 43.24	\$ (0.19)	11
12	EEP % of Average Revenue			-0.44%	12
G-6 - Multi-Family Residential					
13	Bills	11,890	11,890	0	13
14	Volume (Therms)	339,270	338,969	301	14
15	Revenue	\$ 480,488	\$ 480,275	\$ 213	15
16	Average Volume	28.5	28.5	0.0	16
17	Average Revenue	\$ 40.41	\$ 40.39	\$ 0.02	17
18	EEP % of Average Revenue			0.05%	18
G-11 - Low Income Multi-Family Residential					
19	Bills	1,563	1,563	0	19
20	Volume (Therms)	44,520	45,979	(1,459)	20
21	Revenue	\$ 45,379	\$ 46,100	\$ (721)	21
22	Average Volume	28.5	29.4	(0.9)	22
23	Average Revenue	\$ 29.03	\$ 29.49	\$ (0.46)	23
24	EEP % of Average Revenue			-1.56%	24

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TOTAL ARIZONA

Line No.	Description	With EEP	Without EEP	Difference	Line No.
G-25 Small General Service					
1	Bills	6,783	6,783	0	1
2	Volume (Therms)	363,723	372,109	(8,386)	2
3	Revenue	\$ 628,336	\$ 635,371	\$ (7,035)	3
4	Average Volume	53.6	54.9	(1.3)	4
5	Average Revenue	\$ 92.63	\$ 93.67	\$ (1.04)	5
6	EEP % of Average Revenue			-1.11%	6
G-25 Medium General Service					
7	Bills	10,872	10,872	0	7
8	Volume (Therms)	3,721,987	3,736,717	(14,730)	8
9	Revenue	\$ 3,585,390	\$ 3,592,142	\$ (6,752)	9
10	Average Volume	342.3	343.7	(1.4)	10
11	Average Revenue	\$ 329.78	\$ 330.40	\$ (0.62)	11
12	EEP % of Average Revenue			-0.19%	12
G-25 Large 1 General Service					
13	Bills	4,918	4,918	0	13
14	Volume (Therms)	9,198,517	9,156,563	41,954	14
15	Revenue	\$ 7,639,191	\$ 7,621,881	\$ 17,310	15
16	Average Volume	1,870.4	1,861.8	8.6	16
17	Average Revenue	\$ 1,553.31	\$ 1,549.79	\$ 3.52	17
18	EEP % of Average Revenue			0.23%	18
G-25 Large 2 General Service					
19	Bills	281	281	0	19
20	Volume (Therms)	2,606,311	2,595,645	10,666	20
21	Revenue	\$ 1,861,777	\$ 1,858,699	\$ 3,078	21
22	Average Volume	9,275.1	9,237.2	37.9	22
23	Average Revenue	\$ 6,625.54	\$ 6,614.59	\$ 10.95	23
24	EEP % of Average Revenue			0.17%	24