



0000169901

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

BEFORE THE ARIZONA CORPORATION COMMISSION

DOUG LITTLE
Chairman
BOB STUMP
Commissioner
BOB BURNS
Commissioner
TOM FORESE
Commissioner
ANDY TOBIN
Commissioner

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-01551A-16-0033
DECISION NO. 75530
ORDER

Open Meeting
April 12 and 13, 2016
Phoenix, Arizona

Arizona Corporation Commission
DOCKETED
APR 22 2016

BY THE COMMISSION:

DOCKETED BY *KK*

FINDINGS OF FACT

1. Southwest Gas Corporation ("Southwest" or "the Company") is engaged in providing natural gas service within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission.

2. Southwest serves approximately one million customers in the counties of Gila, La Paz, Cochise, Graham, Maricopa, Pima, Greenlee, Mohave, Pinal and Yuma. Of these customers, approximately 990,000 are Residential, while 40,000 are Commercial. Southwest also serves a smaller number of Industrial, Irrigation and Transportation customers.

Background

3. On January 29, 2016, Southwest filed its application to reset its Demand-Side Management ("DSM") adjustor rate. This application requests a decrease in the adjustor rate, from \$0.00838 per therm to \$0.00421 per therm. Once approved by the Commission, the reset rate is then effective through March 31st of the next year.

1 4. The purpose of the DSM adjustor mechanism is to recover the cost of the Company's
2 Commission-approved DSM programs. Southwest files an application each year to reset its DSM
3 adjustor rate. The DSM adjustor rate is calculated to align it with projected spending for the upcoming
4 year, and to true-up existing over- or under-collections.

5 DSM Portfolio

6 5. Programs. On May 28, 2015, Southwest filed an application for approval of its Energy
7 Efficiency and Renewable Energy Resource Technology Portfolio Implementation Plan. (Docket No.
8 G-01551A-15-0168.) Southwest is requesting approval to continue its existing programs with some
9 modifications and also proposes to reinstate its *SGB Commercial Rebates* program, using measures
10 found to be cost-effective. The current Southwest DSM programs are the following:

- 11 • *SGB Homes*
- 12 • *SGB Custom Commercial (Business) Rebates*
- 13 • *SGB Distributed Generation*
- 14 • *SGB Weatherization and Low-Income Energy Conservation (weatherization*
15 *and bill assistance)*
- 16 • *SGB Solar Thermal Rebates*

17 6. Budget and Participation. Southwest proposes to continue its current \$4.7 million
18 budget. In communication with Staff, Southwest indicated that it will more fully utilize the requested
19 budget if the *SGB Commercial Rebates* program is reinstated. Southwest has also been seeing interest
20 in its Combined Heat and Power program and anticipates a high level of participation in its *Homes*
21 program.

22 7. Staff notes that generally increasing participation in the Southwest energy efficiency
23 portfolio would increase energy savings and move Southwest toward meeting the Standard. Staff has
24 recommended that Southwest continue to work toward increasing participation in all of its programs,
25 to the extent that this can be done on a cost-effective basis.

26 Calculation of Adjustor Rate

27 8. The calculations for the Company's proposed DSM adjustor rate are shown in the table
28 below.

SURCHARGE CALCULATION TABLE	
Total Budget	\$4,700,000
DSM Balancing Account Balance @ December 31, 2015	(\$2,073,153)
Estimated Surcharge Recoveries, January-March 2016	(\$1,938,508)
Estimated Surcharge Accruals, January-March 2016	\$1,909,052
Total to be recovered	\$2,597,391
Less low-income recovery: 10,798,669 X \$0.00200 per therm	(\$21,597)
Non-low income amount to be recovered	\$2,575,794
Non-low-income therms applicable to surcharge	611,117,827
DSM Surcharge Rate per therm: Recovery Amount/Applicable Therms	\$0.00421

9. Recovery for low-income customers is limited to \$0.00200 per therm as per the rate case settlement agreement (Decision No. 72723, January 6, 2012). This limitation is taken into account in calculating the per-therm DSM surcharge, as shown in the Surcharge Calculation table.

10. Staff has recommended that the Commission approve the requested decrease from \$0.00838 per therm to \$0.00421 per therm rate. This rate will decrease the likelihood of a significant over-collection while still covering the costs of the DSM programs.

Bill Impact

11. The monthly impact of the existing and proposed per therm rates are shown in the tables below. The Summer, Winter, and Annual averages refer to monthly therm usage by Residential customers.

**Average Monthly Impact of Current Rate
(Residential)**

Period	Therms	Per-therm Rate	Impact
Summer	11	\$0.00838	\$0.09
Winter	41	\$0.00838	\$0.34
Annual	26	\$0.00838	\$0.22

**Average Monthly Impact of Proposed Rate
(Residential)**

Period	Therms	Per-therm Rate	Impact
Summer	11	\$0.00421	\$0.05
Winter	41	\$0.00421	\$0.17
Annual	26	\$0.00421	\$0.11

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

CONCLUSIONS OF LAW

1. Southwest is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over Southwest and over the subject matter of the application.

3. The Commission, having reviewed the application and Staff's Memorandum dated March 29, 2016, concludes that it is in the public interest to approved the per therm adjustor rate as discussed herein.

...
...
...
...
...
...
...
...
...
...
...
...
...
...
...
...
...
...
...
...
...

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

ORDER

IT IS THEREFORE ORDERED that the Southwest Gas Corporation's Demand-Side Management Adjustor rate be reset to \$0.00421 per therm, effective May 1, 2016.

IT IS THEREFORE ORDERED that Southwest Gas Corporation continue to work toward increasing participation in all of its programs, to the extent that this can be done on a cost-effective basis.

IT IS FURTHER ORDERED that this Order shall take effect immediately

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

[Handwritten Signature]
CHAIRMAN

EXCUSED
COMM. STUMP

COMMISSIONER

COMM. FORESE
ABSENT

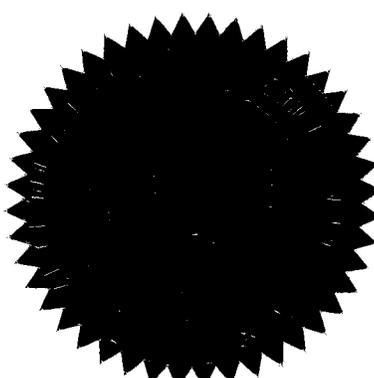
COMMISSIONER

[Handwritten Signature]
COMMISSIONER

COMMISSIONER

[Handwritten Signature]
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 22nd day of April, 2016.

[Handwritten Signature]
JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

TMB:jmk:nr/CHH

1 SERVICE LIST FOR: Southwest Gas Corporation
2 DOCKET NO. G-01551A-16-0033

3 Ms. Catherine M. Mazzeo, Esq.
4 Assistant General Counsel
5 Southwest Gas Corporation
6 Post Office Box 98510
7 Las Vegas, Nevada 89193-8510

8 Mr. Matthew D. Derr
9 Regulatory Manager, Arizona
10 Regulation and Public Affairs
11 Southwest Gas Corporation
12 1600 East Northern Avenue
13 Phoenix, Arizona 85020

14 Mr. Thomas M. Broderick
15 Director, Utilities Division
16 Arizona Corporation Commission
17 1200 West Washington Street
18 Phoenix, Arizona 85007

19 Ms. Janice M. Alward
20 Chief Counsel, Legal Division
21 Arizona Corporation Commission
22 1200 West Washington Street
23 Phoenix, Arizona 85007

24 Mr. Dwight Nodes
25 Chief Administrative Law Judge, Hearing Division
26 Arizona Corporation Commission
27 1200 West Washington Street
28 Phoenix, AZ 85007