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**SOUTHWEST GAS CORPORATION**

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AZ CORP COM  
DOCKET CONTROL

May 12, 2016

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

**Re: Docket No. G-01551A-16-0107**

Southwest Gas Corporation respectfully submits the following substitute tariff sheets to its general rate case application filed May 2, 2016.

If you have any questions, please do not hesitate to contact me at 602-395-4058.

Respectfully submitted,

Matthew D. Derr  
Regulatory Manager/Arizona

Cc: Service List

Arizona Corporation Commission

**DOCKETED**

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

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

In the Matter of the Application of  
Southwest Gas Corporation for the  
Establishment of Just and Reasonable  
Rates and Charges Designed to Realize a  
Reasonable Rate of Return on the Fair  
Value of the Properties of Southwest Gas  
Corporation Devoted to its Arizona  
Operations

DOCKET NO.: G-01551-A-16-0107

**SUPPLEMENTAL FILING**

Southwest Gas Corporation (Southwest Gas or Company), hereby submits the following substitute tariff sheets to its general rate case application filed May 2, 2016. Attached hereto as Exhibit A are substitute "Current Effective Tariff Sheets", sheets 92-94. Attached hereto as Exhibit B are substitute "Proposed Tariff Sheets", sheets 92-94. Southwest Gas inadvertently included the incorrect tariff sheets 92-94 for both the current and proposed tariff sheets, and the attached tariff sheets should replace those that were included in the original filing.

Respectfully submitted this 12th day of May, 2016.

SOUTHWEST GAS CORPORATION



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(702) 252-7283 *facsimile*  
catherine.mazzeo@swgas.com  
*Attorney for Southwest Gas Corporation*

1 Original and 13 copies of the foregoing were filed  
2 this 12<sup>th</sup> day of May, 2016 with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington Street  
6 Phoenix, Arizona 85007

7 Copies of the foregoing were hand-delivered/mailed  
8 this 12<sup>th</sup> day of May, 2016 to:

9 Dwight D. Nodes  
10 Chief Administrative Law Judge  
11 Hearing Division  
12 Arizona Corporation Commission  
13 1200 West Washington Street  
14 Phoenix, Arizona 85007

15 Janice Alward  
16 Chief Counsel  
17 Legal Division  
18 Arizona Corporation Commission  
19 1200 West Washington Street  
20 Phoenix, Arizona 85007

21 Thomas M. Broderick, Director  
22 Utilities Division  
23 Arizona Corporation Commission  
24 1200 West Washington Street  
25 Phoenix, Arizona 85007

26 David Tenney, Director  
27 Residential Utility Consumer Office  
28 1110 West Washington Street, Ste. 220  
Phoenix, Arizona 85007

Richard Gayer  
526 West Wilshire Drive  
Phoenix, Arizona 85003

By:  \_\_\_\_\_

# **Exhibit A**

P.O. Box 98510  
Las Vegas, Nevada 89193-8510  
Arizona Gas Tariff No. 7  
Arizona Division

Canceling 4th Revised A.C.C. Sheet No. 92  
3rd Revised A.C.C. Sheet No. 92

**SPECIAL SUPPLEMENTARY TARIFF**  
**ENERGY EFFICIENCY ENABLING PROVISION**

**APPLICABILITY**

The Energy Efficiency Enabling Provision (EEP) applies to residential Rate Schedule Nos. G-5, G-6, G-10 and G-11 and to General Service Schedule Nos. G-25(Small), G-25(Medium), G-25(Large-1) and G-25(Large-2) included in this Arizona Gas Tariff. The EEP specifies the accounting procedures and rate setting adjustments necessary to assure the Utility neither over-recovers, nor under-recovers, the margin-per-customer amounts authorized in its most recent general rate case proceeding.

**EEP WEATHER ADJUSTMENT**

The EEP Weather Adjustment is a monthly adjustment applicable during the winter season months of November through April. For bills that include only a part of the winter season, only the portion of customer usage occurring during the winter season months will be subject to the EEP Weather Adjustment. For example, for a billing period that included October and November consumption, the EEP Weather Adjustment would only apply to the customer's usage occurring in November. The EEP Weather Adjustment accounts for variations between the actual temperatures and normal temperatures for each winter day in the customer's billing cycle. When actual temperatures are colder than normal, the Delivery Charge (as shown in the Statement of Rates) or Usage Charge portion of customer bills will be adjusted downward to reflect what the customer would have used under normal temperature conditions. When actual temperatures are warmer than normal, the Delivery Charge portion of customer bills will be adjusted upward to reflect what the customer would have used under normal temperature conditions. Weather is quantified in Heating Degree Days (HDD). HDD is defined as the difference between 65 degrees Fahrenheit and the average daily temperature when the average daily temperature is below 65 degrees. When the average daily temperature is equal to or greater than 65 degrees, there are zero HDD. Two analyses are performed to determine customers' weather sensitive use; an analysis of the customer's current billing cycle and an analysis of the customer's multi-season billing data.

**1) BILLING CYCLE ANALYSIS**

The billing cycle analysis uses the customer's current billing cycle HDD variance and billing cycle use per HDD to determine weather-sensitive gas use and to calculate the billing cycle analysis volume adjustment.

**A. Determine Billing Cycle HDD Variance**

- Normal HDD = The sum of the ten-year average HDDs for each day in the customer's billing cycle
- Actual HDD = The sum of the actual HDDs for each day in the customer's billing cycle
- HDD Variance = Normal HDDs less the Actual HDDs

Issued On May 14, 2015  
Docket No. G-01551A-13-0327

Issued by  
Justin Lee Brown  
Vice President

Effective May 14, 2015  
Decision No. 74780

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P.O. Box 98510  
Las Vegas, Nevada 89193-8510  
Arizona Gas Tariff No. 7  
Arizona Division

Canceling 5th Revised A.C.C. Sheet No. 93  
4th Revised A.C.C. Sheet No. 93

**SPECIAL SUPPLEMENTARY TARIFF**  
**ENERGY EFFICIENCY ENABLING PROVISION**  
*(Continued)*

**B. Determine Billing Cycle Use per HDD**

Billing cycle use per HDD is calculated for each customer bill by subtracting the customer's billing cycle base load volume from current monthly metered use and dividing the difference by the billing cycle actual HDDs.

Billing cycle base load volume is equal to the customer's base load volume per day multiplied by the number of days in the customer's billing cycle. Base load volume per day for each customer is used to establish monthly non-temperature sensitive usage. The base load volume per day is equal to the customer's lowest average daily use for the May through October summer billing periods. Average daily use is the customer's total monthly use divided by the number of days in the billing cycle. For new customers, base load volume per day will be the average base load volume per day in the customer's operating district.

**C. Calculate Billing Cycle Analysis Volume Adjustment**

The billing cycle analysis volume adjustment is calculated by multiplying the customer's billing cycle HDD variance by the billing cycle use per HDD.

**2) MULTI-SEASON ANALYSIS**

The multi-season analysis uses winter billing data from the previous 24 months to determine weather-sensitive gas use and to calculate the multi-season analysis volume adjustment. Winter billing data includes customer bills during the winter season months of November through April, excluding bills that contain both winter and non-winter use. Bills that include only a portion of the winter season, for example a billing period that included October and November consumption, are not used in the multi-season analysis. Thus, the multi-season analysis includes 10 winter months of billing data from the previous 24 months.

In order to determine the results of the multi-season analysis, a linear regression is utilized. A linear regression compares the customer's historical monthly metered use to the actual weather in each billing cycle to establish the correlation between the customer's gas use and the actual weather. The result of the linear regression is the customer's weather sensitive use per HDD. The multi-season analysis volume adjustment is calculated by multiplying the customer's billing cycle HDD variance by the customer's multi-season weather sensitive use per HDD.

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Issued On May 14, 2015  
Docket No. G-01551A-13-0327

Issued by  
Justin Lee Brown  
Vice President

Effective May 14, 2015  
Decision No. 74780

**SPECIAL SUPPLEMENTARY TARIFF**  
**ENERGY EFFICIENCY ENABLING PROVISION**  
*(Continued)*

3) **BILL ADJUSTMENT**

The EEP Weather Adjustment for each customer bill is calculated by multiplying the applicable volume adjustment by the Delivery Charge component (as shown in the Statement of Rates) of the customer's Commodity Charge. The EEP Weather Adjustment will be applied to the customer's Delivery Charge or Usage Charge revenue calculated on metered volumes. For each customer, the applicable volume adjustment is whichever of the following three quantities is the closest to zero: 1) the billing cycle analysis volume adjustment, 2) the multi-season analysis volume adjustment or 3) the customer's current monthly metered use.

However, in instances where the customer's billing cycle base load volume is greater than the customer's current monthly metered use or the sum of the actual HDDs in the customer's current billing cycle is equal to zero, the volume adjustment will be equal to zero and there will be no EEP Weather Adjustment to the customer's bill.

**EEP ANNUAL ADJUSTMENT**

The EEP Annual Adjustment recovers or refunds any differences between the Utility's billed margin and the margin amounts authorized in its most recent general rate case proceeding. The process is set forth below.

1) **EEP BALANCING ACCOUNT**

The Utility shall maintain accounting records that accumulate the difference between authorized and actual billed margin. Entries shall be recorded to the EEP Balancing Account (EEPBA) each month as follows:

- A. A debit or credit entry equal to the difference between authorized margin and actual billed margin for each rate schedule subject to this provision. Authorized margin is the product of the monthly margin-per-customer authorized in the Utility's last general rate case, as stated below, and the actual number of customers billed during the month.

|           | <u>G-5</u> | <u>G-6</u> | <u>G-10</u> | <u>G-11</u> |
|-----------|------------|------------|-------------|-------------|
| January   | \$ 55.33   | \$ 31.33   | \$ 51.33    | \$ 34.95    |
| February  | \$ 47.83   | \$ 28.54   | \$ 44.98    | \$ 31.31    |
| March     | \$ 38.04   | \$ 24.48   | \$ 34.16    | \$ 25.52    |
| April     | \$ 26.85   | \$ 20.35   | \$ 23.53    | \$ 20.01    |
| May       | \$ 20.58   | \$ 17.83   | \$ 17.36    | \$ 16.84    |
| June      | \$ 19.78   | \$ 17.46   | \$ 16.58    | \$ 16.68    |
| July      | \$ 17.89   | \$ 16.12   | \$ 14.91    | \$ 15.11    |
| August    | \$ 16.93   | \$ 15.47   | \$ 14.04    | \$ 14.36    |
| September | \$ 17.44   | \$ 15.81   | \$ 14.37    | \$ 14.63    |
| October   | \$ 18.48   | \$ 16.21   | \$ 15.17    | \$ 14.99    |
| November  | \$ 20.80   | \$ 17.59   | \$ 17.98    | \$ 16.61    |
| December  | \$ 39.58   | \$ 25.32   | \$ 36.56    | \$ 26.79    |

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# **Exhibit B**

**SPECIAL SUPPLEMENTARY TARIFF**  
**ENERGY EFFICIENCY ENABLING PROVISION**

**APPLICABILITY**

The Energy Efficiency Enabling Provision (EEP) applies to residential Rate Schedule Nos. G-5, G-6, G-10 and G-11 and to General Service Schedule Nos. G-25(Small), G-25(Medium), G-25(Large-1) and G-25(Large-2) included in this Arizona Gas Tariff. The EEP specifies the accounting procedures and rate setting adjustments necessary to assure the Utility neither over-recovers, nor under-recovers, the margin-per-customer amounts authorized in its most recent general rate case proceeding.

**EEP WEATHER ADJUSTMENT**

The EEP Weather Adjustment is a monthly adjustment applicable during the Winter Season. For bills that include only a part of the Winter Season, only the portion of customer usage occurring during the Winter Season months will be subject to the EEP Weather Adjustment. For example, for a billing period that included November and December consumption, the EEP Weather Adjustment would only apply to the customer's usage occurring in December. The EEP Weather Adjustment accounts for variations between the actual temperatures and normal temperatures for each winter day in the customer's billing cycle. When actual temperatures are colder than normal, the Delivery Charge (as shown in the Statement of Rates) or Usage Charge portion of customer bills will be adjusted downward to reflect what the customer would have used under normal temperature conditions. When actual temperatures are warmer than normal, the Delivery Charge portion of customer bills will be adjusted upward to reflect what the customer would have used under normal temperature conditions. Weather is quantified in Heating Degree Days (HDD). HDD is defined as the difference between 65 degrees Fahrenheit and the average daily temperature when the average daily temperature is below 65 degrees. When the average daily temperature is equal to or greater than 65 degrees, there are zero HDD. Two analyses are performed to determine customers' weather sensitive use; an analysis of the customer's current billing cycle and an analysis of the customer's multi-season billing data.

1) **BILLING CYCLE ANALYSIS**

The billing cycle analysis uses the customer's current billing cycle HDD variance and billing cycle use per HDD to determine weather-sensitive gas use and to calculate the billing cycle analysis volume adjustment.

A. **Determine Billing Cycle HDD Variance**

|              |   |   |
|--------------|---|---|
| Normal HDD   | = | The sum of the ten-year average HDDs for each day in the customer's billing cycle |
| Actual HDD   | = | The sum of the actual HDDs for each day in the customer's billing cycle           |
| HDD Variance | = | Normal HDDs less the Actual HDDs  |

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Issued On \_\_\_\_\_  
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Issued by  
Justin Lee Brown  
Vice President

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**SPECIAL SUPPLEMENTARY TARIFF**  
**ENERGY EFFICIENCY ENABLING PROVISION**  
*(Continued)*

**B. Determine Billing Cycle Use per HDD**

Billing cycle use per HDD is calculated for each customer bill by subtracting the customer's billing cycle base load volume from current monthly metered use and dividing the difference by the billing cycle actual HDDs.

Billing cycle base load volume is equal to the customer's base load volume per day multiplied by the number of days in the customer's billing cycle. Base load volume per day for each customer is used to establish monthly non-temperature sensitive usage. The base load volume per day is equal to the customer's lowest average daily use for the Summer Season billing periods. Average daily use is the customer's total monthly use divided by the number of days in the billing cycle. For new customers, base load volume per day will be the average base load volume per day in the customer's operating district.

**C. Calculate Billing Cycle Analysis Volume Adjustment**

The billing cycle analysis volume adjustment is calculated by multiplying the customer's billing cycle HDD variance by the billing cycle use per HDD.

**2) MULTI-SEASON ANALYSIS**

The multi-season analysis uses billing data from the previous 24 months to determine weather-sensitive gas use and to calculate the multi-season analysis volume adjustment.

In order to determine the results of the multi-season analysis, a linear regression is utilized. A linear regression compares the customer's historical monthly metered use to the actual weather in each billing cycle to establish the correlation between the customer's gas use and the actual weather. The result of the linear regression is the customer's weather sensitive use per HDD. The multi-season analysis volume adjustment is calculated by multiplying the customer's billing cycle HDD variance by the customer's multi-season weather sensitive use per HDD.

**SPECIAL SUPPLEMENTARY TARIFF**  
**ENERGY EFFICIENCY ENABLING PROVISION**  
*(Continued)*

3) **BILL ADJUSTMENT**

The EEP Weather Adjustment for each customer bill is calculated by multiplying the applicable volume adjustment by the Delivery Charge component (as shown in the Statement of Rates) of the customer's Commodity Charge. For each customer, the applicable volume adjustment is whichever of the following three quantities is the closest to zero: 1) the billing cycle analysis volume adjustment, 2) the multi-season analysis volume adjustment or 3) the customer's current monthly metered use.

However, in instances where the customer's billing cycle base load volume is greater than the customer's current monthly metered use or the sum of the actual HDDs in the customer's current billing cycle is equal to zero, the volume adjustment will be equal to zero and there will be no EEP Weather Adjustment to the customer's bill.

**EEP ANNUAL ADJUSTMENT**

The EEP Annual Adjustment recovers or refunds any differences between the Utility's billed margin and the margin amounts authorized in its most recent general rate case proceeding. The process is set forth below.

1) **EEP BALANCING ACCOUNT**

The Utility shall maintain accounting records that accumulate the difference between authorized and actual billed margin. Entries shall be recorded to the EEP Balancing Account (EEPBA) each month as follows:

- A. A debit or credit entry equal to the difference between authorized margin and actual billed margin for each rate schedule subject to this provision. Authorized margin is the product of the monthly margin-per-customer authorized in the Utility's last general rate case, as stated below, and the actual number of customers billed during the month.

|           | <u>G-5</u> | <u>G-6</u> | <u>G-10</u> | <u>G-11</u> |
|-----------|------------|------------|-------------|-------------|
| January   | \$ 60.93   | \$ 32.12   | \$ 52.88    | \$ 33.64    |
| February  | \$ 54.03   | \$ 30.52   | \$ 49.23    | \$ 33.11    |
| March     | \$ 40.36   | \$ 25.38   | \$ 36.12    | \$ 26.65    |
| April     | \$ 28.78   | \$ 20.85   | \$ 24.21    | \$ 20.47    |
| May       | \$ 22.39   | \$ 18.28   | \$ 18.63    | \$ 17.41    |
| June      | \$ 19.69   | \$ 17.19   | \$ 16.43    | \$ 16.23    |
| July      | \$ 17.60   | \$ 15.95   | \$ 14.74    | \$ 14.57    |
| August    | \$ 17.06   | \$ 15.48   | \$ 14.17    | \$ 13.99    |
| September | \$ 17.44   | \$ 15.74   | \$ 14.44    | \$ 14.34    |
| October   | \$ 18.17   | \$ 15.95   | \$ 15.01    | \$ 14.40    |
| November  | \$ 22.14   | \$ 17.80   | \$ 18.99    | \$ 16.57    |
| December  | \$ 40.56   | \$ 25.70   | \$ 36.81    | \$ 26.45    |

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Vice President

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