

ORIGINAL

NEW APPLICATION



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SOUTHWEST GAS CORPORATION

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL

2017 JAN 31 P 4: 21

January 31, 2017

G-01551A-17-0029

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

NEW APPLICATION

Re: **Application for Approval to Revise the Rate Collected Through its Demand-Side Management Adjustor Mechanism; Docket No. G-01551A-17-**

Southwest Gas Corporation respectfully submits for filing an original and thirteen copies of its application requesting approval to revise the rate collected through its Demand-Side Management Adjustor Mechanism.

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: Elijah Abinah, ACC Acting Utilities Division Director
Bob Gray, ACC Utilities Division
Julie McNeely-Kirwan, ACC Utilities Division

Arizona Corporation Commission

DOCKETED

JAN 31 2017

DOCKETED BY

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 TOM FORESE – Chairman
4 BOB BURNS
5 DOUG LITTLE
6 ANDY TOBIN
7 BOYD DUNN

8 IN THE MATTER OF THE APPLICATION
9 OF SOUTHWEST GAS CORPORATION
10 FOR APPROVAL TO REVISE THE RATE
11 COLLECTED THROUGH ITS DEMAND-
12 SIDE MANAGEMENT ADJUSTOR
13 MECHANISM.

DOCKET NO.: G-01551A

APPLICATION

11 **Introduction**

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

16 2. Southwest Gas is a corporation in good standing under the laws of the
17 state of Arizona, and is qualified to transact intrastate business.

18 3. Southwest Gas’ corporate offices are located at 5241 Spring Mountain
19 Road, Las Vegas, Nevada 89150. Communications regarding this filing should be
20 addressed to:

21
22 Catherine M. Mazzeo, Esq.
23 Assistant General Counsel
24 Southwest Gas Corporation
25 P.O. Box 98510
26 Las Vegas, Nevada 89193-8510
27 Telephone No.: (702) 876-7250
28 Email: catherine.mazzeo@swgas.com

Matthew D. Derr
Regulatory Manager, Arizona
Southwest Gas Corporation
1600 E. Northern Avenue
Phoenix, Arizona 85020
Telephone No.: (602) 395-4058
Email: matt.derr@swgas.com

4. Southwest Gas is a public utility subject to the jurisdiction of the
Commission pursuant to Article XV of the Arizona Constitution and the applicable

1 chapters of Title 40 of the Arizona Revised Statutes. Southwest Gas currently serves
2 approximately 1.9 million customers in the states of Arizona, California, and Nevada.
3 Approximately 54 percent of the Company's customers are located in the state of
4 Arizona, including portions of Cochise, Gila, Graham, Greenlee, La Paz, Maricopa,
5 Mohave, Pima, Pinal, and Yuma counties. For operational purposes, Southwest Gas'
6 Central Arizona division is headquartered in Phoenix and its Southern Arizona division
7 is headquartered in Tucson.

8 **Background**

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

18 6. Southwest Gas filed a request January 29, 2016 in Docket No. G-01551A-
19 16-0033 seeking to revise the DSM rate from \$0.00838 to \$0.00421 per therm. In
20 Decision No. 75530, the Commission approved Southwest Gas' request to decrease its
21 DSM rate to \$0.00421 per therm.

22 7. On May 10, 2016, Southwest Gas filed a Supplement to Application
23 together with a Supplement to the Year Five Energy Efficiency and Renewable Energy
24 Resource Technology Portfolio Implementation Plan¹ ("Years Five and Six EE & RET
25 Plan"). The Years Five and Six EE & RET Plan consists of eight programs with
26 proposed annual budgets totaling \$5,495,000 million, which were designed to achieve
27

28

¹ Southwest Gas submitted the Plan Supplement in lieu of its Year 6 plan filing.

1 approximately 3,099,033 therms or therm equivalents in energy savings during Years
2 Five and Six.

3 8. In Decision No. 75592, the Commission approved the Company's Years
4 Five and Year Six EE and RET plan as modified by the Company's supplemental
5 application described above. The Commission approved a portfolio of eight programs
6 with a budget of \$5,495,000. These programs will run through the end of 2017.

7 **Request to Revise the DSM Rate**

8 9. In accordance with Decision No. 60352, Southwest Gas hereby requests
9 to revise its DSM rate to reflect Southwest Gas' projected conservation and energy-
10 efficiency program costs for the rate effective period of April 1, 2017 through March 31,
11 2018.

12 10. Southwest Gas continues to make efforts to improve the level of customer
13 participation in its conservation and energy-efficiency programs. Participation levels
14 and Southwest Gas' related spending on Commission-approved conservation and
15 energy-efficiency programs have generally increased since 2009. In Year One of its EE
16 & RET Plan, Southwest Gas spent approximately 94% of its \$4.7 million budget, and in
17 Year Two the Company spent approximately 96% of this same budget amount. In Year
18 Three of its EE & RET Plan, Southwest spent approximately 59% of its \$4.7 million
19 budget, and spent approximately 95% of that same budget amount in Year Four of its
20 EE & RET Plan. Southwest Gas anticipates spending the entirety of its current
21 \$5,495,000 budget for July 2016 through December 2017.

22 11. Based on program participation during recent years and the addition of
23 eligible programs, Southwest Gas anticipates it will expend the entire amount of its
24 \$5,495,000 million budget during the rate effective period – April 1, 2017 through March
25 31, 2018. This anticipated level of spending is derived from Southwest Gas' current
26 Commission-approved conservation and energy-efficiency program budget and the
27 direction provided to the Company in Decision No. 75592. Attached hereto as Exhibit
28 A is the computation of the proposed rate for the DSM adjustor mechanism to reflect

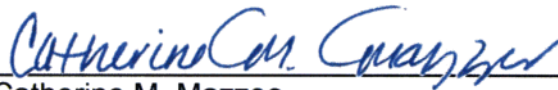
1 Southwest Gas' projected level of spending. Southwest Gas requests that the DSM
2 rate be increased from \$0.00421 to \$0.00745 per therm.

3 **Conclusion**

4 12. Based on the foregoing, Southwest Gas respectfully requests that the
5 Commission increase its DSM rate to \$0.00745 per therm.

6 Respectfully submitted this 31st day of January 2017.

7 SOUTHWEST GAS CORPORATION

8 

9 _____
10 Catherine M. Mazzeo
11 Arizona Bar No. 028939
12 5241 Spring Mountain Road
13 Las Vegas, NV 89150-0002
14 (702) 876-7250
15 (702) 252-7283 *facsimile*
16 catherine.mazzeo@swgas.com
17 *Attorney for Southwest Gas Corporation*

EXHIBIT A

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

Line No.	Description (a)	Therms (b)	Amounts (c)	Line No.
1	2017 Budgeted Program Costs (Based on the Decision 75592 for EE & RET Program Year 5 and 6 in Docket No. G-01551A-15-0168)		\$ 5,495,000	1
<u>Adjustments to calculate new DSM Surcharge</u>				
2	DSM Balancing Account Balance @ December 31, 2016		(1,296,889)	2
3	Estimated Surcharge Recoveries, January - March, 2017		(1,104,849)	3
4	Estimated Surcharge Accruals, January - March, 2017 [1]		<u>1,546,568</u>	4
5	Total to be Recovered (Lines 1 through 4)		\$ 4,639,830	5
6	Less: Low-Income Recoveries, Therms X \$0.00200 per Therm [2]	10,615,614	<u>21,231</u>	6
7	Non-Low-Income Amount to be Recovered (Line 5 - Line 6)		\$ 4,618,599	7
8	Non-Low-Income DSM Therms applicable to Surcharge [2]	620,186,856		8
9	DSM Surcharge Rate Per Therm (Line 7 / Line 8)		<u>\$ 0.00745</u>	9

[1] Estimated remaining Program Year 3 expenditures for 1st Quarter 2017.

[2] 2016 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-2017	2,714,345	\$ 0.00200	\$ 5,429	1
2	February-2017	1,939,637	0.00200	3,879	2
3	March-2017	978,948	0.00200	1,958	3
		<u>5,632,930</u>		<u>\$ 11,266</u>	
<u>Non-Low-Income Volumes</u>					
4	January-2017	117,932,543	\$ 0.00421	\$ 496,496	4
5	February-2017	86,383,307	0.00421	363,674	5
6	March-2017	55,442,567	0.00421	233,413	6
		<u>259,758,417</u>		<u>\$ 1,093,583</u>	
7	Total	<u>265,391,347</u>		<u>\$ 1,104,849</u>	7

[1] 2016 actual volumes are used for projected volumes.

**SOUTHWEST GAS CORPORATION
ARIZONA
DSM AND CONSERVATION AND ENERGY EFFICIENCY PROGRAMS
EXPENDITURES BY MONTH
FOR THE TWELVE-MONTHS ENDED DECEMBER 2016**

Line No.	Description (a)	Low-Income Energy Conservation			Energy Star Homes (d)	Solar Thermal Rebates (e)	PPP Outreach (f)	Commercial (Business) Rebates (g)		Custom Commercial (Business) Rebates (h)		Distributed Generation (i)	Residential Rebates (j)	Total (k)	Line No.
		Assistance (b)	Weatherization (c)	Weatherization (c)				Commercial (Business) Rebates (g)	Commercial (Business) Rebates (h)						
1	January-2016	\$ 0	0	0	\$ 279,150	\$ 0	0	\$ 0	0	0	0	0	0	\$ 279,150	1
2	February-2016	0	139,175	0	431,450	5,688	0	0	2,057	0	0	0	0	578,370	2
3	March-2016	0	0	0	183,863	5,707	0	0	3,007	2,636	0	0	0	195,213	3
4	April-2016	0	0	0	469,500	10,529	10	0	1,128	442	0	0	0	481,609	4
5	May-2016	0	10	10	301,400	4,443	(10)	0	1,240	0	0	0	0	307,083	5
6	June-2016	0	287,853	0	(200)	3,145	0	0	12,805	0	0	0	0	303,603	6
7	July-2016	909	0	0	437,916	12,859	0	0	11,472	21,795	0	0	0	484,951	7
8	August-2016	199,091	909	0	717,100	4,361	0	25,269	2,755	3,442	25,269	0	0	978,196	8
9	September-2016	(12,260)	16	0	452,400	995	0	269	3,113	672	269	0	0	445,474	9
10	October-2016	0	0	0	427,500	11,898	0	269	3,586	0	269	0	0	443,522	10
11	November-2016	0	(194,197)	0	337,231	3,484	0	12,441	758	0	0	0	6,146	165,863	11
12	December-2016	0	2,510	0	72,241	1,948	0	10,737	1,935	0	0	0	6,406	95,777	12
13	Total	\$ 187,740	\$ 236,276	\$ 4,109,551	\$ 65,057	\$ 0	\$ 48,985	\$ 43,856	\$ 28,987	\$ 38,359	\$ 4,758,811				13

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

Line No.	Description	Jan-16 (b)	Feb-16 (c)	Mar-16 (d)	Apr-16 (e)	May-16 (f)	Jun-16 (g)	Jul-16 (h)	Aug-16 (i)	Sep-16 (j)	Oct-16 (k)	Nov-16 (l)	Dec-16 (m)	Total (n)	Line No.
1	Therms	124,365,127	91,639,289	59,771,200	51,344,028	44,493,558	39,397,900	34,832,770	33,450,086	35,309,563	38,424,068	44,166,150	71,908,062	669,101,801	1
	Exempt Contracts														
2	32003T	61,690	96,750	65,650	62,600	55,760	56,350	55,990	60,800	74,290	53,110	77,160	75,390	795,540	2
3	32004T	302,440	249,230	220,430	127,670	202,430	192,900	213,280	233,920	163,480	176,700	144,990	346,480	2,573,950	3
4	32019B	1,266,000	1,088,650	1,027,850	1,005,800	994,170	1,020,000	1,040,140	1,014,040	1,157,860	1,182,000	1,173,220	1,207,530	13,177,260	4
5	36020T	89,620	91,000	107,240	84,200	117,020	97,300	114,320	121,640	112,190	122,010	121,400	114,930	1,292,870	5
6	42003T	47,740	47,850	47,740	48,000	47,740	48,000	47,740	47,950	156,500	69,050	48,000	41,540	697,850	6
7	42005T	109,090	92,150	104,000	103,400	94,260	104,700	89,700	99,540	93,600	130,500	92,570	133,070	1,246,580	7
8	42036B	133,150	127,270	163,080	146,800	176,250	130,940	87,850	88,780	107,030	121,800	122,630	132,270	1,537,850	8
9	42037B	796,750	789,350	837,500	818,500	804,650	680,250	617,900	489,270	572,420	659,050	696,150	816,580	8,578,370	9
10	42164T	391,500	309,430	336,400	299,550	305,140	298,900	287,200	288,500	241,780	166,560	127,820	223,390	3,276,170	10
11	44002S	375,799	357,665	407,795	339,215	361,023	372,103	376,448	382,341	356,177	398,007	356,342	421,736	4,504,651	11
11	47014B	26,460	0	0	0	0	0	0	0	0	107,000	140,000	127,780	401,240	11
12	48007O	118,000	67,000	32,000	0	0	0	0	0	0	0	0	0	217,000	12
13	Total Exempt	3,718,239	3,316,345	3,349,685	3,035,735	3,158,443	3,001,443	2,930,568	2,826,781	3,035,327	3,185,787	3,100,282	3,640,696	38,299,331	13
14	Low-Income	2,714,345	1,939,637	978,948	729,535	568,142	469,895	381,125	346,702	370,488	408,166	506,484	1,202,147	10,615,614	14
15	Total [1]	117,932,543	86,383,307	55,442,567	47,578,758	40,766,973	35,926,562	31,521,077	30,276,603	31,903,748	34,830,115	40,559,384	67,065,219	620,186,856	15

[1] Total volumes applicable to the DSM Surcharge exclude the Exempt Contracts and Low-Income volumes.

**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, December 31, 2015					\$ (2,073,153)	1
2	January-2016	\$ 279,150	\$ (996,915)	\$ (1,123)	\$ 0	\$ (2,792,041)	2
3	February-2016	578,370	(727,826)	(1,256)	0	(2,942,753)	3
4	March-2016	195,213	(466,468)	(1,300)	0	(3,215,308)	4
5	April-2016	481,609	(393,919)	(1,768)	0	(3,129,386)	5
6	May-2016	307,083	(240,801)	(1,461)	0	(3,064,565)	6
7	June-2016	303,603	(150,337)	(1,507)	0	(2,912,806)	7
8	July-2016	484,951	(130,900)	(1,335)	0	(2,560,090)	8
9	August-2016	978,196	(126,046)	(1,088)	0	(1,709,028)	9
10	September-2016	445,474	(133,537)	(812)	0	(1,397,903)	10
11	October-2016	443,522	(146,260)	(769)	0	(1,101,410)	11
12	November-2016	165,863	(170,977)	(524)	0	(1,107,048)	12
13	December-2016	95,777	(284,935)	(683)	0	(1,296,889)	13
14	Annual Total	<u>\$ 4,758,811</u>	<u>\$ (3,968,921)</u>	<u>\$ (13,626)</u>	<u>\$ 0</u>	<u>\$ (1,296,889)</u>	14