

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's
Proposed Policies and Programs Governing Post-2003
Low-Income Assistance Programs.

And Related Matters

Rulemaking 04-01-006
(Filed January 8, 2004)

Application 04-06-038
(Filed June 30, 2004)

Application 04-07-002
(Filed July 1, 2004)

Application 04-07-010
(Filed July 1, 2004)

Application 04-07-011
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Application 04-07-020
(Filed July 8, 2004)

Application 04-07-027
(Filed July 2, 2004)

Application 04-07-050
(Filed July 29, 2004)

**Opening Comments
of Southwest Gas Corporation (U 905 G) on the
April 29, 2005 Energy Division Report on Program Year 2005
California Alternate Rates for Energy (CARE) and
Low Income Energy Efficiency (LIEE) Programs of the
Small and Multi-Jurisdictional Utilities**

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Dated: May 19, 2005

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Small and Multi-Jurisdictional Utilities**

Southwest Gas Corporation (Southwest) hereby respectfully submits its opening comments on the April 29, 2005 Energy Division Report on the Program Year 2005 CARE and LIEE Programs of the Small and Multi-Jurisdictional Utilities (SMJU). These comments are submitted in compliance with the April 29, 2005 Ruling of Administrative Law Judge Steven A. Weissman in R.04-01-006.

I.
INTRODUCTION

Southwest appreciates the Energy Division's thorough review of its proposed Program Year 2005 Low-Income Assistance Program Budgets filed in Application (A.)04-07-002. Southwest concurs with the recommendations in the Energy Division Report with the following exceptions as stated herein.

II.
DISCUSSION

A. The Energy Division Recommendation that all LIEE Program Participants be enrolled into the CARE Program is Overbroad

Southwest's current practice is to enroll all LIEE Program participants into the CARE Program if they meet Commission established income eligibility guidelines. However, Southwest believes that the Energy Division's recommendation to require that all LIEE participants be enrolled onto the CARE Program would result in certain customers being enrolled in CARE who exceed the eligibility guidelines.

The Commission established LIEE income guidelines provide that seniors and handicapped customers with income up to 200 percent of Federal Poverty Income guidelines are eligible for LIEE. CARE eligibility is restricted to customers with income levels at or below 175 percent of Federal Poverty Income guidelines. Therefore, the practice of identifying and enrolling only those LIEE customers that are income-eligible for CARE into the CARE Program should be continued.

C. Southwest's Assimilation of Avista's current CARE and LIEE Programs

In Decision D.05-03-010, dated March 17, 2005, the California Public Utilities Commission (Commission) authorized Southwest's acquisition of Avista's natural gas assets located in South Lake Tahoe California. On April 28, 2005, Southwest consummated the acquisition of Avista's natural gas assets and the South Lake Tahoe customers are now

being served by Southwest.

Southwest has a longstanding commitment of offering CARE and LIEE programs to its customers in its North Lake Tahoe service area. Now that Southwest is serving Avista's former customers in South Lake Tahoe, they will enjoy the same benefits as Southwest's existing customers. Consistent with the Energy Division's Recommendations, Southwest will take the following steps to facilitate the integration of Avista's LIEE and CARE Programs into Southwest's Programs:

1. Avista's CARE and LIEE contracts

Avista's former CARE and LIEE Program contracts were assigned to Southwest effective April 28, 2005. Southwest will administer those contracts until they terminate or expire, at which time Southwest will review the contracts along with the South Lake Tahoe Program operations and determine whether those contracts should be renewed.

2. Penetration Rates and Targets

Southwest is committed to meeting the penetration rates and targets for South Lake Tahoe that have been established by the Energy Division.

3. Website Enhancement

The Energy Division recommended several enhancements to Avista's website. South Lake Tahoe customers will no longer be referred to Avista's website. On April 25, 2005, Southwest sent out a welcome letter to all South Lake Tahoe customers. This letter advised all customers of the CARE program and assured those customers that were already enrolled in the CARE Program, that they would be automatically transferred to Southwest's CARE Program. It also included a full page description of the CARE Program, what it offers, and how to qualify or apply and referred interested customers

to Southwest's website for more information. (Exhibit 1).

4. Self Certification and Recertification

Southwest is providing the same opportunities for South Lake Tahoe customers for Self Certification and Recertification that its other California customers enjoy.

5. Track and Report Outreach Expenditures

Southwest concurs with the Energy Division's recommendation to track outreach expenditures including those incurred through the Department of Community Services and Development and will terminate or allow the contract to expire if it is more cost effective for Southwest to operate the Program in-house.

6. Budget Increases

Southwest believes that it can operate the CARE/LIEE Programs in South Lake Tahoe with the proposed budget increases recommended by the Energy Division. However, Southwest will continue to evaluate the program budgets once more experience is gained in administering the CARE/LIEE Programs for the South Lake Tahoe service territory and would like an opportunity to comment further in its next application filing for CARE/LIEE funding.

7. Avista's CARE Progress Report

The Energy Division incorrectly states that Avista did not submit a CARE Progress report for May 1, 2003 through December 31, 2003. Southwest is informed that Avista submitted this report to the Energy Division on July 31, 2004, January 7, 2005, April 6, 2005 and again on May 6, 2005.

In sum, Southwest has remained true to its commitment that its acquisition of the

Avista property would be seamless to Avista customers and is in the public interest.

D. Southwest's Budget Application should be Approved in 2 year cycles

As is consistent with the major California utilities, Southwest requests that the level of CARE/LIEE funding approved in this proceeding for program year 2005 be extended to program year 2006, and that Southwest's next application for CARE/LIEE funding be made July 1, 2006 for program year 2007 and 2008.

E. The Admonishment Recommended by the Energy Division should not Pertain to Southwest

Southwest remains committed to the successful continuation of its CARE and LIEE Programs. The Energy Division's recommendation that Southwest be admonished for not making an emergency application filing to adjust program budgets to ensure their LIEE programs are funded at a reasonable level is unwarranted. Southwest is concerned that the language in the Energy Division's Report gives the impression Southwest failed to conscientiously administer its LIEE program when, in fact, Southwest has been successful in significantly increasing its LIEE activities from Program Year 2002 forward. Of the \$2,374,419 SB5 LIEE Program funds authorized in D.01-08-065, Southwest used \$2,300,860 or 97 percent of the total authorized SB5 LIEE funds and did not believe it was necessary to file an emergency application to increase the Program Year 2004 budget.

In addition, Southwest believes that Table 48 listed on page 60 should be modified in order to effectively fund its LIEE Program as shown in Exhibit to reflect: 1) the total authorized SB5 budget (approved in D.01-08-065); 2) actual SB5 expenditures from 2001 through 2003; and 3) the actual PPP expenditures for 2004 as reported in Southwest's Low-Income Assistance Programs 2004 Annual Report filed with the Energy Division on May 2, 2005. Southwest agrees with the Energy Division that any unspent PPP LIEE balances are to be carried over to augment the next year's program budget. Therefore, as illustrated in

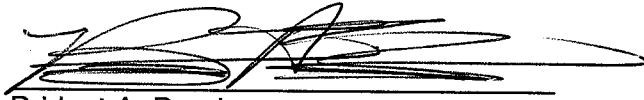
Exhibit 2, on December 31, 2004, Southwest had an unspent PPP LIEE balance of \$204,102, which will be carried over for use in the 2005 program year.

III.
CONCLUSION

Southwest enjoys a long tradition of supporting California's LIEE and CARE Programs and appreciates the opportunity to file comments in this proceeding.

Dated this 19th day of May, 2005.

SOUTHWEST GAS CORPORATION



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SOUTHWEST GAS CORPORATION

April 25, 2005

Dear New Southwest Gas Customer:

As you may be aware, the California Public Utilities Commission has approved Southwest Gas' purchase of the natural gas properties of Avista Corporation at South Lake Tahoe, California. It is my pleasure to welcome you as a new Southwest Gas customer.

We look forward to providing you with safe and reliable natural gas service. Further, you have the added assurance that local Southwest Gas employees, serving the Lake Tahoe Basin for more than 40 years, will be operating and maintaining the natural gas distribution system that serves your home or business.

In the coming months, you will begin to receive your monthly bill from Southwest Gas. Enclosed is a sample bill to familiarize you with the new format. Also, please remember to look for our employees' identification badges and the logo on their uniforms and vehicles when they are in your neighborhood. Contractors for Southwest Gas also carry identification. The "S" and "W" in the logo noted above is easily recognizable.

If you prefer to pay your natural gas bill using either E-Bill (through the Internet) or Automatic Payment Plan (automatic withdrawal from a checking or savings account), please contact Southwest Gas to sign up for these services **after May 1**. For more information on the services the company offers, please refer to the enclosed *Customer Information* brochure or visit www.swgas.com.

If you are enrolled in the CARE Program, your information will automatically transfer and you do not need to contact us.

In the event you need to contact Southwest Gas, please use the following toll free numbers:

Customer service: 1-800-832-2555, Monday – Friday, 8 a.m. to 5 p.m.

**To report natural gas odors or other natural gas related-emergencies:
1-800-772-4555, seven days a week, 24 hours a day.**

Once again, welcome to Southwest Gas. We look forward to serving your natural gas needs.

Sincerely,

Dennis Redmond
Northern Nevada Division Vice President

Enclosures

How to Read Your Bill.

To help you understand how your Southwest Gas bill is calculated, we've provided an example of a standard residential bill that shows actual rates used in the different components. The items below reflect some of the key elements of a standard residential bill, however, it does not represent your actual bill.

- 1. Current Billing** includes the meter read dates and the readings of your meter for the current and previous months. The difference in the meter reads is multiplied by the billing factor (an adjustment to reflect the heat content of the gas). That number equals the **Total Therms** used for the month.
- 2. Gas Usage** shows how many therms are billed at each tier (or threshold) multiplied by the rate for that tier.
- 3. Total Gas Usage** is the sum of the amounts of all tiers added together. **CARE customers please see reverse side for more details.**
- 4. Monthly Gas Cost.** The gas cost portion of your bill reflects the cost of gas Southwest Gas has purchased for delivery to its customers.

5. Total Monthly Gas Cost is the sum of the amounts of all **Monthly Gas Cost** items added together.

6. Total Therms refers to the total gas usage for the current month as shown in the **Current Billing** section.

7. Public Purpose Program (PPP) Surcharge is a monthly fee to fund programs such as low-income customer assistance, energy efficiency, and research and development as ordered by the California State Legislature.

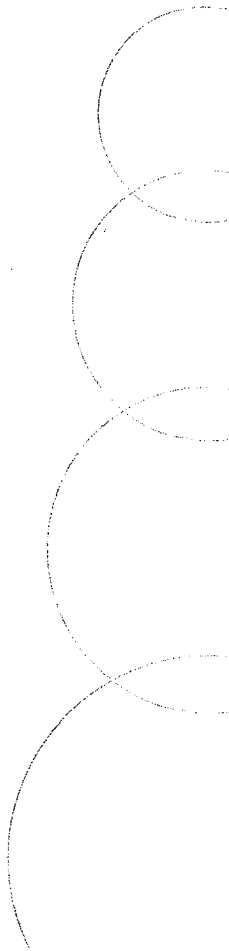
8. Basic Service Charge is a monthly fixed fee to recover a portion of the fixed costs incurred in providing your natural gas service.

NOTE: There may be additional charges that appear on your bill, such as a **Service Establishment Charge** for new customers.

Please visit our Web site, www.swgas.com for additional information, or call 1-800-832-2555.



ACCOUNT NUMBER	CYCLE	DATE MAILED	PAST DUE AFTER		
000-0000000-000	01	06/30/XX	07/18/XX	\$48.34	
PREVIOUS BILLING:					
Previous Balance				52.94	
Payment(s) Since Last Bill				52.94CR	
Balance Forward				\$0.00	
1 CURRENT BILLING: 28 Days					
Meter Reading:	Current	Previous	Billing Factor	Total Therms	
	June 28	June 01			
	2493 -	2445 =	48 X .9434 =	45	
2 Gas Usage	Baseline	44 Therms X	.209900		
	Tier II	1 Therms X	.369290		
3 Total Gas Usage			=	9.61	
4 Monthly Gas Cost	6 Total Therms X		.72151		
5 Total Monthly Gas Cost				32.47	
7 PPP Surcharge	Total Therms X	.01688		0.76	
8 Basic Service Charge				5.50	
Current Bill				\$48.34	
Due date: 07/18/XX Amount due: \$48.34					
LOOK HERE FOR IMPORTANT MESSAGES!					
Previous Balance	Payments & Adjustments	Balance Forward	Current Bill	Current Balance	AMOUNT DUE
52.94	- 52.94	= 0.00	+ 48.34	= 48.34	\$48.34



CARE program

The California Alternate Rates for Energy (CARE) Program provides a discount on the Basic Service Charge and rates for gas usage to low-income customers. CARE eligibility is determined by the total household annual income and number of persons in the residence.



For Our CARE Customers

1. **Gas Usage** shows how many therms are billed at each tier (or threshold) multiplied by the rate for that tier.
2. **Total Gas Usage** is the sum of the amounts of all tiers added together.
3. **Basic Service Charge** is a monthly fixed fee to recover a portion of the fixed costs incurred in providing your natural gas service.
4. **CARE Discount** shows the amount of the total CARE discount. An asterisk appears next to each line item receiving the discount.

To qualify for the CARE Program, total household income from all sources must not exceed 175% of the federal poverty guidelines. These guidelines are approved by the California Public Utilities Commission and are revised annually.

For more information regarding the CARE Program, contact Southwest Gas at 1-800-832-2555.



SOUTHWEST GAS

www.swgas.com

ACCOUNT NUMBER	CYCLE	DATE MAILED	PAST DUE AFTER		
000-0000000-000	01	06/30/XX	07/18/XX	\$38.33	
PREVIOUS BILLING:					
Previous Balance				52.94	
Payment(s) Since Last Bill				52.94CR	
Balance Forward				\$0.00	
CURRENT BILLING: 28 Days					
Meter Reading:	Current	Previous	Billing Factor	Total Therms	
	June 28	June 01			
	2493 -	2445 =	48 X .9434 =	45	
1 Gas Usage					
*Baseline		44 Therms	X .209900		
*Tier II		1 Therms	X .369290		
2 Total Gas Usage				9.61	
*Monthly Gas Cost		Total Therms X	.72151		
Total Monthly Gas Cost				32.47	
*PPP Surcharge		Total Therms X	.00575	0.26	
3 *Basic Service Charge				5.50	
4 CARE Discount				9.51CR	
*Rate before CARE Discount					
Current Bill				\$38.33	
Due date: 07/18/XX Amount due: \$38.33					
LOOK HERE FOR IMPORTANT MESSAGES!					
Previous Balance	Payments & Adjustments	Balance Forward	Current Bill	Current Balance	AMOUNT DUE
52.94	- 52.94	= 0.00	+ 38.33	= 38.33	\$38.33

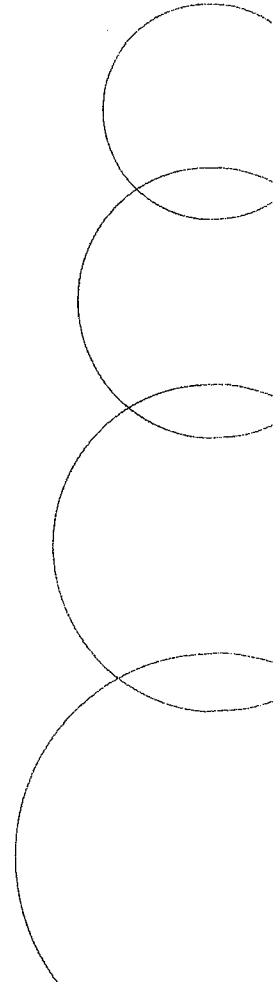


Exhibit 2

Table 48 - Southwest Gas Corporation Section
(with suggested modifications)

	Comparison of LIEE Programs Across Years						2004 LIEE Activity				
	2003 LIEE Activity			2004 LIEE Activity			Ratepayer Portion Authorized in D.03-12-016	Ratepayer Portion Actually Spent	Unspent Ratepayer Funds	Ratepayer Portion Actually Spent	Unspent Ratepayer Funds
	Ratepayer Portion Authorized in D.03-03-007	Total ¹ SB 5 Portion Authorized in D.01-08-065	Ratepayer Portion Actually Spent	SB 5 Portion Actually Spent	Unspent Ratepayer Funds	Unspent SB 5 Funds ²					
Outreach	\$0		\$0		\$0		\$20,000	\$4,264	\$15,736		\$15,736
Inspections	\$0		\$5,584		(\$5,584)		\$15,000	\$25,286	(\$10,286)		(\$15,870)
General	\$0		\$6,486		(\$6,486)		\$201,200	\$81,450	\$119,750		\$113,264
Subtotal Admin	\$0		\$12,070		(\$12,070)		\$236,200	\$111,000	\$125,200		\$113,130
Weatherization	\$460,000	\$949,767	\$390,002	\$914,702	\$69,998	\$35,065	\$319,360	\$525,661	(\$206,301)		(\$136,303)
Measures	\$0	\$1,424,652	\$0	\$1,386,158	\$0	\$38,494	\$341,160	\$125,552	\$215,608		\$215,608
Energy Education	\$40,000	\$0	\$34,810	\$0	\$5,190	\$0	\$39,840	\$33,363	\$6,477		\$11,667
Subtotal Program	\$500,000	\$2,374,419	\$424,812	\$2,300,860	\$75,188	\$73,559	\$700,360	\$684,576	\$15,784		\$90,972
Total Program	\$500,000	\$2,374,419	\$436,882	\$2,300,860	\$63,118	\$73,559	\$936,560	\$795,576	\$140,984		\$204,102

¹ Pursuant to D.01-08-065 issued on August 23, 2001, Southwest began utilizing SB 5 funds immediately. In December 2003 Southwest had exhausted 97 percent of the authorized LIEE funds when the State of California terminated the SB 5 contract and recended any unused funds.

² Unspent SB5 funds were resinded in accordance with California Senate Bill 1095.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the **Opening Comments of Southwest Gas Corporation (U 905 G) on the April 29, 2005 Energy Division Report on Program year 2005 California Alternate Rates for Energy (CARE) and Low Income Energy Efficiency (LIEE) Programs of the Small and Multi-Jurisdictional Utilities** on each party named on the official service list in proceeding R.04-01-006 by electronic mail or regular first-class mail.

Dated at Las Vegas, Nevada, this 19th day of May 2005.


An employee of Southwest Gas Corporation