

**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

Rulemaking 04-01-006  
(Filed January 22, 2004)

And Related Matters

Application 05-06-005  
(Filed June 1, 2005)  
Application 05-06-009  
(Filed June 1, 2005)  
Application 05-06-012  
(Filed June 1, 2005)  
Application 05-06-013  
(Filed June 1, 2005)

**Comments of  
Southwest Gas Corporation  
(U 905 G)  
In Response to the Interim Opinion  
Approving Various Emergency Program Changes  
In Light of Anticipated High Natural Gas Prices  
In The Winter of 2005-2006**

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Dated: October 26, 2005

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Southwest Gas Corporation (Southwest) respectfully submits its Comments on Administrative Law Judge (ALJ) Weissman's Interim Opinion approving various proposals filed by Pacific Gas and Electric Company (PG&E), San Diego Gas and Electric Company (SDG&E), Southern California Edison Company (SCE), Southern California Gas Company (SoCalGas), and Southwest Gas Corporation (Southwest) to mitigate the impact of high energy costs on the low-income customers during the 2005-2006 winter.

## I. INTRODUCTION

On September 13, 2005, the Commission issued a notice of a Full-Panel Hearing to be held on October 6, 2005, and directed several utilities to provide written proposals for reducing the impact of anticipated gas bill increases on low-income customers. On September 28, 2005, the utilities and several other parties filed proposals. In an electronic ruling issued on October 7, 2005, ALJ Weissman set an expedited schedule. On October 14, 2005, through an electronic ruling, the ALJ directed the utilities to prepare additional exhibits, including a detailed comparison of the proposals of the various parties. The utilities jointly filed this information on October 18 and 19, 2005. Many parties also filed comments and replies as prescribed in the ALJ's October 7, 2005 ruling. Most of the active participants also attended an October 20, 2005 workshop at which most of the proposals were discussed in greater detail.

## II. DISCUSSION

### **A. Increasing CARE Income Guidelines to 200 Percent of Federal Poverty**

Southwest is in a unique situation in California as compared to the four major energy utilities. Southwest provides service to approximately 165,000 customers in the State of California, of which approximately 157,000, or 95 percent, are residential. Thus, there are few large customers and fewer volumes available from which to recover higher CARE program costs. For example, in Southwest's Southern California Division, at the currently effective 175 percent of Federal Poverty Income (FPI) guidelines, CARE customer volumes are 16.4 percent (12,606,164 therms divided by 76,685,565 therms) of total non-exempt volumes. At 200 percent of the FPI guidelines, CARE customer volumes are 20.3 percent (15,071,501 therms divided by

74,220,228 therms) of total non-exempt volumes. As a result, any increase to Southwest's PPP program costs, such as a change in the CARE eligibility criteria to 200 percent of the FPI guidelines, has a fairly significant rate impact on Southwest's non-CARE customers.

At the current 175 percent FPI guidelines, an average residential customer in Southwest's Southern California Division will be required to pay approximately \$48.76 (\$.08450 per therm X 577 therms) annually to fund Southwest's estimated 2006 CARE program costs. This amount will increase to \$59.08 (\$.10240 per therm X 577 therms) if the income guidelines are increased to 200 percent of the FPI guidelines. This is an increase of approximately 21 percent in the annual cost to non-CARE customers to fund the CARE program.

These amounts of \$48.76 and \$59.08 are, respectively, 2.2 to 2.7 times greater than the cost to a SoCalGas residential customer who uses an equivalent 577 therms per year. This illustrates the greater burden Southwest's non-CARE customers bear in funding California's public purpose programs in comparison to the costs imposed on non-CARE customers of the major utilities. To the extent average annual residential customer usage on SoCalGas' system is less than 577 therms, the additional burden imposed on Southwest's non-CARE residential customers vis-à-vis SoCalGas is even more extreme than reflected above.

As a result, Southwest asks the Commission to consider measures that could be taken to shield Southwest's non-CARE customers from paying excessively high public purpose program costs. These measures may include, among other alternatives, making additional amounts from the State's Surcharge Fund available to Southwest in

order to bring the cost to non-CARE customers of funding Southwest's public purpose programs in line with the cost to non-CARE customers of the major utilities.

**B. Telephonic CARE Enrollment**

Southwest will enroll income-eligible customers telephonically into the CARE program during the winter. In addition, existing CARE customers may also recertify their eligibility by telephone during this time. Completing applications by phone is expected to increase the total length of a customer call by approximately three minutes. This increased call length is expected to have an impact on remaining customer calls waiting to be served. More customers waiting to be served may impact the number of lines available to receive calls. Southwest estimates the overall effect would be the addition of one to two temporary employees specifically to handle CARE enrollment and recertification.

While the proposed order states, "utilities may use census block and other income-related data to identify fruitful geographic areas to focus a telephone campaign as an experiment" Southwest does not employ a CARE/low-income department and does not have the geographical data readily available to conduct this experiment. A large portion of Southwest's service territory overlaps with SCE. Therefore, Southwest plans to work with SCE to evaluate the results of an experimental telephone campaign.

**C. Clarification Of Ordering Paragraph 16 – No Shut-Off Of Service In The Winter If Customer Makes Minimum Payments**

Summary paragraph No. 8 states, "The utilities are prohibited from shutting off service this winter to low-income customers that make regular payments of at least 50 percent of their bills." However, Ordering Paragraph No. 16 deletes the low-income specification in stating, "The utilities shall not shut off service during the winter months

to customers that continue to make minimum bill payments.” Southwest requests the low-income reference be incorporated in Ordering Paragraph No. 16 to clarify that this shut-off suspension is applicable to only low-income customers.

**D. Waive Reconnection Fees/Deposits For CARE Customer During The Winter**

Southwest does not support this requirement. Southwest estimates that the minimum dollar impact of eliminating reconnection fees and deposits for CARE customers would be approximately \$120,000. If the Commission determines these charges should be suspended, Southwest believes these costs should be included in the CARE balancing account for recovery outside of a general rate case.

**E. Cost Recovery**

Further, any additional incremental costs associated with increased CARE program benefits including: 1) additional CARE program subsidies, 2) waiver of reconnection fees and customer deposits, 3) increased uncollectibles resulting from more lenient turn-off policies, and 4) additional outreach costs should be recoverable through Southwest's CARE balancing account.

**III.  
CONCLUSION**

Southwest is very concerned about the dramatic increase in energy prices and the impact that increased energy prices may have on our customers. We believe the above Comments on ALJ Weissman’s Interim Opinion balance the need for providing proactive program modifications with the increased cost implications of these programs. Southwest looks forward to working with the Commission, other California utilities and community agencies to assist our customers in minimizing the potential impact of today’s higher energy price levels.

Dated this 26<sup>th</sup> day of October, 2005.

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## CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the **Comments of Southwest Gas Corporation (U 905 G) In Response to the Interim Opinion Approving Various Emergency Program Changes In Light of Anticipated High Natural Gas Prices In The Winter of 2005-2006** 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 26<sup>th</sup> day of October 2005.

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An employee of Southwest Gas Corporation