

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies, Procedures
and Rules for the Low-Income Energy Efficiency Programs
of California's Energy Utilities.

Rulemaking 07-01-042
(Filed January 25, 2007)

**SOUTHWEST GAS CORPORATION
(U 905 G)
OPENING COMMENTS ON THE JANUARY 25, 2007
ORDER INSTITUTING RULEMAKING REGARDING POLICIES, PROCEDURES AND
RULES FOR THE LOW INCOME ENERGY EFFICIENCY PROGRAMS
OF CALIFORNIA'S ENERGY UTILITIES**

Francisco V. Aguilar
Senior Counsel
Southwest Gas Corporation
P.O. Box 98510
5241 Spring Mountain Road
Las Vegas, Nevada 89193-8510
Phone: (702) 876-7183
Fax: (702) 367-8164
E-mail: francisco.aguilar@swgas.com

Dated: February 26, 2007

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Pursuant to the Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the Low Income Energy Efficiency Programs of California's Energy Utilities issued on January 25, 2007, Southwest Gas Corporation (Southwest) respectfully submits its opening comments.

I.
INTRODUCTION

Southwest serves approximately 1.8 million customers in Arizona, Nevada and portions of California. Southwest has two distinct service territories in California (northern and southern), serving approximately 177,000 customers (10 percent of Southwest's total three-state customer base) statewide. Areas served in the northern part of the state include the areas of North Lake Tahoe, South Lake Tahoe and Truckee. Barstow, Needles, Victorville and Big Bear are served in the southern area. Southwest's southern California service area has a very high percentage of low-income residential customers relative to the other utilities. Approximately 22 percent of Southwest's residential customers currently receive service under the CARE rate schedule. Additionally,

approximately 95 percent of Southwest's customer base is residential, and Southwest has very few large commercial and industrial customers from which to recover Public Purpose Program (PPP) costs under the PPP surcharge rate. As a result, Southwest's non-CARE PPP surcharge in its southern California service area is \$.13034 per therm, which may be the highest of any utility in the State.

Southwest is a Small and Multi-Jurisdictional Utility (SMJU) in California. SMJUs have significantly smaller program budgets, limited manpower, smaller customer bases for recovery of program costs and different reporting requirements. Southwest believes it is important that the Commission continue to recognize the unique characteristics of SMJUs. Southwest appreciates being included in this rulemaking process as it provides a forum for all parties to continue efforts to provide efficient, cost-effective LIEE programs that are tailored to fit each individual utility's customer base.

II. **DISCUSSION**

A. Priority of Issues

Of the twelve issues outlined in the OIR's Scope of Inquiry, Southwest recommends the following be addressed early in the proceeding, and in the following order: 1) processes for considering program improvements between utility budget cycles; 2) gas furnace programs and natural gas appliance testing; 3) renter access; 4) program management and administration; and 5) program objectives. Southwest selected these issues because they are key components that effect the LIEE program on a regular basis. Program modifications are needed on a continual basis; instead of every two years, when budget applications are filed. The NGAT requirement effects Southwest's customer service department and operations. Furthermore, administration issues, such

as, management, objectives and which services apply to renters, are also important to the overall program.

B. Urgent Issues

Southwest feels Assembly Bill (AB) 2104 is an urgent issue to address because of its January 1, 2008 deadline for implementation. AB 2104 requires the Commission to adopt a process for improving electric and gas utility applications and outreach to tenants at master-metered properties, such as mobile home parks and apartment buildings. Southwest currently provides master-meter customers with CARE applications and other low-income program information, which are supposed to be passed on to sub-metered tenants of the master-meter customer. While Southwest relies on the master-meter customer to make this information available to the tenant, the Company welcomes the opportunity to provide low-income outreach and CARE applications directly to the tenants of the master-metered customers. Earlier this year, Southwest started its preliminary internal discussions of implementing AB 2104 and found implementing the requirements will require investigation and cost analysis due to changes required to Southwest's existing customer service system.

C. Categorization and Procedures Best Suited for Exploring Each Issue

Southwest concurs with the categorization of this rulemaking as quasi-legislative in nature. Furthermore, Southwest believes that evidentiary hearings are not required in this rulemaking. Rather, Southwest believes that the informal comment and workshop processes will properly facilitate the exchange of ideas through open discussion and dialogue and provide a sufficient record for the Commission to adopt any new or suggested amendments to existing processes.

D. Public Participation Hearings

Southwest believes Public Participation Hearings (Hearings) are appropriate. However, Southwest has a small LIEE budget. If the Commission should direct that such public participation hearings be held, Southwest requests that it be allowed to partner with the overlapping electric utilities in its service territories.

III.

CONCLUSION

Southwest will actively participate in this rulemaking proceeding and looks forward to the issuance of the procedural strategy to resolve all relevant issues.

Dated at Las Vegas, Nevada this 26th day of February, 2007.

/s/ Francisco V. Aguilar

Francisco V. Aguilar
Senior Counsel
Southwest Gas Corporation
P.O. Box 98510
5241 Spring Mountain Road
Las Vegas, Nevada 89193-8510
Phone: (702) 876-7183
Fax: (702) 367-8164
E-mail: francisco.aguilar@swgas.com

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the **SOUTHWEST GAS CORPORATION (U 905 G) OPENING COMMENTS ON THE JANUARY 25, 2007 ORDER INSTITUTING RULEMAKING REGARDING POLICIES, PROCEDURES AND RULES FOR THE LOW INCOME ENERGY EFFICIENCY PROGRAMS OF CALIFORNIA'S ENERGY UTILITIES** on each party named on the official service list in proceeding R.07-01-042 by electronic mail or regular first-class mail.

Dated at Las Vegas, Nevada, this 26th day of February 2007.

/s/ Valerie J. Ontiveroz

An employee of Southwest Gas Corporation