

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the
Commission's Own Motion to Consider
Revising Energy Utility Tariff Rules Related to
Deposits and Adjusting Bills as They Affect
Small Business Customers

Rulemaking 10-05-005
(Filed May 6, 2010)

**OPENING COMMENTS
OF
SOUTHWEST GAS CORPORATION
(U-905-G)**

Catherine M. Mazzeo
Senior Counsel
Southwest Gas Corporation
5241 Spring Mountain Road
Las Vegas, NV 89150-0002
Phone: (702) 876-7250
Fax: (702) 252-7283
Email: catherine.mazzeo@swgas.com

1 **BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

2 Order Instituting Rulemaking on the
3 Commission's Own Motion to Consider Revising
4 Energy Utility Tariff Rules Related to Deposits
5 and Adjusting Bills as They Affect Small
6 Business Customers

Rulemaking 10-05-005
(Filed May 6, 2010)

6 **OPENING COMMENTS**
7 **OF**
8 **SOUTHWEST GAS CORPORATION**
9 **(U 905 G)**

10 **I. INTRODUCTION**

11 On May 12, 2010, the California Public Utilities Commission ("Commission") issued an
12 Order Instituting Rulemaking on the Commission's Own Motion to Consider Revising Energy
13 Tariff Rules Related to Deposits and Adjusting Bills as They Affect Small Business Customers
14 ("OIR") and Preliminary Scoping Memo, to determine if utility tariff rules should be revised
15 and/or updated. The proposed revisions consider whether micro-businesses, as defined by
16 Government Code Section 14837¹, should be treated the same as residential customers for
17 specific billing and deposit purposes. The Commission requested that parties file opening
18 comments on or before June 14, 2010². Southwest Gas Corporation ("Southwest" or
19 "Company") is a named respondent in this proceeding, and in accordance with Rule 6.2 of the
20 Commission's Rules of Practice and Procedure, Southwest submits the following Opening
21 Comments concerning the issues contained in the OIR.

22
23
24
25 ¹ Although footnote 1 of the OIR defines micro-businesses as having average annual gross receipts of two million
26 seven hundred and fifty thousand dollars (\$2,750,000) or less over the previous three years, Southwest is informed
27 and believes that in 2009 the Department of General Services increased this amount to three million five hundred
28 thousand dollars (\$3,500,000) in accordance with Government Code Section 14837(3). For purposes of these
comments, Southwest will assume the Commission intends for the \$3,500,000 figure to apply.

² Initially, the Commission requested that opening comments be filed by June 7, 2010. However, on May 27, 2010,
the Commission's Executive Director granted the parties a seven (7) day extension in order to accommodate any
utility and/or Commission staff working simultaneously on this docket and docket 10-02-005.

1 **II. DISCUSSION OF SCOPING ISSUES**

2 The Commission's Preliminary Scoping Memo requests that the parties comment on
3 the primary question of whether it is "good and fair policy to treat a 'micro-business'...the same
4 as residential customers only in terms of back-billing and deposit requirements", by way of
5 changes to each utility's tariff rule 1 (Definitions), as well as each utility's tariff rules concerning
6 bill adjustments (Rule 17 of Southwest's tariff) and deposit requirements (Rule 7 of Southwest's
7 tariff)(collectively, "proposed tariff changes")³. The proposed tariff changes would require
8 utilities to only back-bill micro-business customers for periods of up to 3 months, rather than 3
9 years, consistent with back-billings for residential customers. Further, the proposed tariff
10 changes would prevent the utilities from charging micro-business customers additional deposits
11 to re-establish credit upon slow-payment or non-payment of bills, or following a disconnection.

12 The Commission is correct that the actual tariff sheets for each utility could easily be
13 amended to reflect the proposed tariff changes. The more complicated issues, however,
14 involve a utility's ability to identify its micro-business customers, and to implement
15 programming and other system changes in order to effectuate the proposed tariff changes.
16 Each utility is unique in its market size and customer profiles, and Southwest anticipates that
17 the suggested avenues for implementing the proposed tariff changes will vary amongst those
18 utilities with a significant presence in California and those with a smaller presence, and
19 perhaps even amongst electric utilities and natural gas utilities. As demonstrated below,
20 Southwest believes that it is necessary and appropriate for all utilities to identify micro-business
21 customers in the same fashion, but that it is neither practical, nor a matter of good policy, to
22 develop a single set of tariff changes for micro-business customers that uniformly apply to all
23 respondent utilities.

24 **1) Identifying Micro-business Customers.**

25 Government Code Section 14837 specifically defines "micro-business". California
26 businesses that meet the qualifications set forth in the Government Code and wish to receive

27 ³ The Preliminary Scoping Memo also addresses the Commission's desire to explore, through the workshop, the
28 rationale for refunding billing errors for a period of up to three (3) years of bills, and refunding metering errors for a
period of only six (6) months.

1 the benefits associated with being defined as a micro-business must become certified through
2 the Department of General Services (“DGS”). When a business successfully certifies with
3 DGS, it receives an email verification to print and maintain for its records. DGS also adds the
4 company to its on-line database of certified small businesses and micro-businesses.

5 Southwest believes that the long-established DGS practices provide a simple means of
6 identifying micro-business customers that can be utilized by all utilities. Micro-business
7 customers who are entitled to relief under the proposed tariff changes can contact the utility,
8 either proactively or in the event of an actual billing adjustment or deposit requirement, and
9 provide the utility a copy of their DGS certification email. In the absence of an email, and/or to
10 verify the customer’s status as a certified micro-business, the utility could run the business
11 name and/or address through the DGS database. Identifying micro-business customers in this
12 manner creates a necessary level of consistency among the utilities, and avoids confusion on
13 the part of the customers, who are already familiar with the term “micro-business” and the
14 criteria required to become certified as a micro-business through DGS. It also alleviates other
15 potential problems associated with having the utilities determine whether a customer qualifies
16 as a micro-business including, but not limited to, privacy concerns relating to the customer’s
17 production of confidential financial information to the utilities.

18 **2) Implementing Tariff Changes Regarding Billing Adjustments.**

19 Even though the DGS certification process and database system allow the utilities to
20 identify, or confirm the identity of, micro-business customers with relative ease, the utilities
21 must still develop programming and other system changes in order to effectuate the proposed
22 tariff changes. Thus, implementing the proposed tariff changes may prove difficult, especially
23 for utilities such as Southwest, which have a small presence in California. Southwest currently
24 serves approximately 10,300 non-residential customers in its California service territories.
25 Southwest has not analyzed how many of those customers are micro-businesses. However, a
26 general search (by zip code) of the DGS database indicates that there are approximately 40
27 certified micro-businesses in all of Southwest’s California service territories. Even assuming
28 that every one of these 40 micro-businesses is a Southwest customer, the proposed tariff

1 changes will impact less than .5% of Southwest's total non-residential customers; and it is
2 anticipated that an even smaller number of micro-business customers will actually experience a
3 billing adjustment in excess of 3 months, and/or a deposit requirement.

4 Moreover, in Southwest's case, the existing tariff rules are giving the right signals as to
5 billing and metering errors. In the past 24 months, Southwest made 411 billing adjustments⁴
6 for non-residential customers in its California service territories. Nearly 90% of those accounts
7 experienced adjustments for 3 months of billing or less – which indicates that Southwest's
8 commercial customers as a whole already receive the very same relief that the proposed tariff
9 changes would afford to micro-business customers. Accordingly, Southwest would request
10 that the Commission exempt it from any rule(s) regarding back-billing that are established as a
11 result of this rulemaking, and allow it to address any back-billing issues that might arise with its
12 micro-business customers on a case-by-case basis.

13 **3) Implementing Tariff Changes Regarding Customer Deposits.**

14 The Commission's Preliminary Scoping Memo proposes that utilities treat micro-
15 business customers the same as residential customers with regard to deposits to re-establish
16 credit upon slow-payment or non-payment of bills, or following a disconnection. New rules
17 regarding deposits for residential customers were proposed by the Commission in R.10-02-
18 005. Because R.10-02-005 remains unresolved and the content of any new or modified
19 residential deposit rules remains unknown, it is difficult for the utilities to specifically comment
20 on whether micro-business customers should be subject to the same deposit rules as
21 residential customers. Therefore, the proposed order in R.10-02-005, once issued, may merit
22 additional comments by the utilities in this proceeding.

23 Notwithstanding, and as with the proposed tariff changes involving billing adjustments,
24 Southwest opposes the proposed tariff changes regarding deposits and would request
25 exemption from any deposit rule(s) that are approved through this docket. The Commission's
26 OIR expresses concern for small business customers who receive significant charges due to

27 _____

28 ⁴ These adjustments include both billing and meter errors.

1 billing or metering errors that date back several months, and are then subject to additional
2 deposit requirements when they are late paying the new bill, or unable to pay it at all.⁵ Due to
3 the very small number of deposit issues that may be associated with Southwest's micro-
4 business customers, it would be more efficient for the Commission to allow Southwest to
5 address any such issues on a case-by-case basis.

6 Additionally, Southwest has measures available to address, to the greatest extent
7 practicable, the needs of specific customers who are having difficulties making ends meet as a
8 result of the current economy. For example, Southwest's customer service representatives can
9 reduce or make payment arrangements for customer deposits, and they have authority to grant
10 a one-time deposit waiver for customers re-establishing service (requests for additional waivers
11 must be approved by a supervisor).

12 Southwest also hopes to help customers avoid deposits to re-establish service by
13 avoiding the termination of service in the first place. Southwest views termination of service as
14 a last resort and would much rather work with its customers to continue service. To that end,
15 customers may make requests to extend their shut-off dates by contacting Southwest via
16 email, or by calling a Southwest customer service representative. Southwest's customer
17 service representatives have the flexibility to negotiate payment arrangements with customers
18 to avoid pending disconnections. Southwest also utilizes an Interactive Voice Response
19 ("IVR") system that allows a customer to extend its shut-off date for up to 3 days. These
20 options are available not only to Southwest's residential customers but to its non-residential
21 customers as well – another indication that Southwest's commercial customers as a whole are
22 eligible for the same benefits as the proposed tariff changes would provide to micro-
23 businesses. Indeed, in 2009 there were no formal deposit or disconnect related complaints
24 filed with the Commission by a non-residential customer of Southwest.

25
26
27
28 ⁵ *OIR*, at Section 2.5.

1 **III. DISCUSSION OF PROCEDURAL ISSUES**

2 The Commission has preliminarily categorized this proceeding as “quasi-legislative” and
3 determined that evidentiary hearings are not necessary. Southwest agrees with the proposed
4 categorization of this proceeding. In addition, Southwest agrees that in lieu of evidentiary
5 hearings, the proposed issues in this proceeding may be resolved through formal comments
6 and all-party workshops.

7 **IV. CONCLUSION**

8 As set forth above, Southwest believes that any rule regarding micro-business
9 customers should require the affected utilities to employ a uniform method for identifying their
10 micro-business customers. However, Southwest does not believe that it is fair or reasonable to
11 develop blanket tariff changes that fail to consider the market presence and customer profiles
12 that are unique to each utility; in particular those utilities with a small presence in California,
13 and those utilities who have managed to effectively address their customers’ back-billing and
14 deposit concerns through their own practices. Southwest appreciates the opportunity to
15 provide comments and looks forward to actively working with the Commission and the other
16 utilities in the upcoming workshop to address the issues posed in this rulemaking.

17 Dated at Las Vegas, Nevada, this 14th day of June, 2010.

18 **SOUTHWEST GAS CORPORATION**

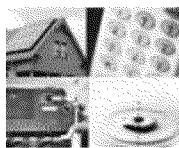
19
20
21 /s/ Catherine M. Mazzeo
22 Catherine M. Mazzeo
23 Senior Counsel
24 Southwest Gas Corporation
25 5241 Spring Mountain Road
26 Las Vegas, Nevada 89150-0002
27 *Phone:* (702) 876-7250
28 *Fax:* (702) 252-7283
E-Mail: catherine.mazzeo@swgas.com

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing
OPENING COMMENTS OF SOUTHWEST GAS CORPORATION (U 905 G) upon the
individuals on the established service list in proceeding R.10-05-005 by electronic mail (email)
service. Those individuals without an email address were served by regular, first-class mail.

Dated at Las Vegas, Nevada, this 14th day of June, 2010.

/s/ Valerie J. Ontiveroz
Valerie J. Ontiveroz
State Regulatory Affairs
Southwest Gas Corporation
5241 Spring Mountain Road
Las Vegas, Nevada 89150-0002
Phone: (702) 876-7323
E-mail: *valerie.ontiveroz@swgas.com*



California Public
Utilities Commission

CPUC Home

CALIFORNIA PUBLIC UTILITIES COMMISSION

Service Lists

PROCEEDING: R1005005 - PUC- OIR TO CONSIDER

FILER: CPUC

LIST NAME: LIST

LAST CHANGED: JUNE 11, 2010

[DOWNLOAD THE COMMA-DELIMITED FILE](#)
[ABOUT COMMA-DELIMITED FILES](#)

[Back to Service Lists Index](#)

Parties

CATHERINE MAZZEO
SOUTHWEST GAS CORPORATION
PO BOX 98510
LAS VEGAS, NV 89193-8510
FOR: SOUTHWEST GAS CORPORATION

FADIA RAFEEDIE KHOURY
ATTORNEY
SOUTHERN CALIFORNIA EDISON COMPANY
2244 WALNUT GROVE AVE., PO BOX 800
ROSEMEAD, CA 91770
FOR: SOUTHERN CALIFORNIA EDISON COMPANY

NGUYEN QUAN
MGR - REGULATORY AFFAIRS
GOLDEN STATE WATER COMPANY
630 EAST FOOTHILL BOULEVARD
SAN DIMAS, CA 91773
FOR: GOLDEN STATE WATER COMPANY

DANIEL A. KING
SEMPRA GENERATION
101 ASH STREET, HQ 14
SAN DIEGO, CA 92101
FOR: SEMpra GENERATION

KIM F. HASSAN
SOUTHERN CALIFORNIA GAS COMPANY
101 ASH STREET, HQ-12
SAN DIEGO, CA 92101
FOR: SOUTHERN CALIFORNIA GAS COMPANY

MARION PELEO
CALIF PUBLIC UTILITIES COMMISSION
LEGAL DIVISION
ROOM 4107
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214
FOR: DIVISION OF RATEPAYER ADVOCATES

NINA SUETAKE
THE UTILITY REFORM NETWORK
115 SANSOME STREET, SUITE 900
SAN FRANCISCO, CA 94104
FOR: THE UTILITY REFORM NETWORK

DANIEL F. COOLEY
STAFF COUNSEL
PACIFIC GAS AND ELECTRIC COMPANY
BOX 7442, MC B30A / 77 BEALE ST.NO3161
SAN FRANCISCO, CA 94120
FOR: PACIFIC GAS AND ELECTRIC COMPANY

Information Only

http://docs.cpuc.ca.gov/published/service_lists/R1005005_79112.htm

6/14/2010
SB_GT&S_0455503

DONALD L. SODERBERG
 VP - PRICING & TARIFFS
 SOUTHWEST GAS CORPORATION
 5241 SPRING MOUNTAIN ROAD / BOX 98510
 LAS VEGAS, NV 89150
 FOR: SOUTHWEST GAS CORPORATION

VALERIE J. ONTIVEROZ
 SOUTHWEST GAS CORPORATION
 5241 SPRING MOUNTAIN ROAD
 LAS VEGAS, NV 89150

BROOKS CONGDON
 SOUTHWEST GAS CORPORATION
 PO BOX 98510
 LAS VEGAS, NV 89193-8510

TREVOR DILLARD
 SIERRA PACIFIC POWER COMPANY
 6100 NEIL ROAD, MS S4A50 / PO BOX 10100
 RENO, NV 89520-0024
 FOR: SIERRA PACIFIC POWER COMPANY

F. E. JOHN
 VP - REGULATORY AFFAIRS
 SOUTHERN CALIFORNIA GAS COMPANY
 720 WEST 8TH STREET
 LOS ANGELES, CA 90017
 FOR: SOUTHERN CALIFORNIA GAS COMPANY

CASE ADMINISTRATION
 SOUTHERN CALIFORNIA EDISON COMPANY
 2244 WALNUT GROVE AVENUE
 ROSEMEAD, CA 91770

RONALD MOORE
 SR. REGULATORY ANALYST
 GOLDEN STATE WATER COMPANY
 630 EAST FOOTHILL BLVD.
 SAN DIMAS, CA 91773
 FOR: GOLDEN STATE WATER COMPANY

KEITH SWITZER
 VA - REGULATORY AFFAIRS
 GOLDEN STATE WATER COMPANY
 630 EAST FOOTHILL BOULEVARD
 SAN DIMAS, CA 91773-9016
 FOR: GOLDEN STATE WATER COMPANY

KENNETH J. DEREMER
 DIR., TARIFF & REGULATORY ACCTS
 SAN DIEGO GAS & ELECTRIC CO.
 8330 CENTURY PARK COURT, CP32C
 SAN DIEGO, CA 92123-1548
 FOR: SAN DIEGO GAS & ELECTRIC COMPANY

CPUC FILE ADMINISTRATION
 PACIFIC GAS AND ELECTRIC COMPANY
 77 BEALE STREET, B30A
 SAN FRANCISCO, CA 94105

CALIFORNIA ENERGY MARKETS
 425 DIVISADERO ST. STE 303
 SAN FRANCISCO, CA 94117-2242

BRIAN K. CHERRY
 VP - REGULATORY RELATIONS
 PACIFIC GAS AND ELECTRIC COMPANY
 PO BOX 770000 / 77 BEALE ST., MC B10C
 SAN FRANCISCO, CA 94177
 FOR: PACIFIC GAS & ELECTRIC COMPANY

CASE COORDINATION
 PACIFIC GAS AND ELECTRIC COMPANY
 PO BOX 770000; MC B9A
 SAN FRANCISCO, CA 94177

RONALD JANG
 PACIFIC GAS AND ELECTRIC COMPANY
 PO BOX 770000; MC B10B
 SAN FRANCISCO, CA 94177

ALICIA MILLER
 THE GREENLINING INSTITUTE
 1918 UNIVERSITY AVENUE, 2ND FLOOR
 BERKELEY, CA 94704

JEAN CHUNG
 THE GREENLINING INSTITUTE
 1918 UNIVERSITY AVENUE, 2ND FLOOR
 BERKELEY, CA 94704

STEPHANIE CHEN
 THE GREENLINING INSTITUTE
 1918 UNIVERSITY AVENUE, 2ND FLOOR
 BERKELEY, CA 94704
 FOR: THE GREENLINING INSTITUTE

MIKE LAMOND
 CHIEF FINANCIAL OFFICER
 ALPINE NATURAL GAS OPERATING CO. #1 LLC
 PO BOX 550
 VALLEY SPRINGS, CA 95252
 FOR: ALPINE NATURAL GAS OPERATING
 COMPANY

JOY A. WARREN
 MODESTO IRRIGATION DISTRICT
 1231 11TH STREET
 MODESTO, CA 95354

JOHN DUTCHER
 MOUNTAIN UTILITIES
 PO BOX 205
 KIRKWOOD, CA 95646
 FOR: MOUNTAIN UTILITIES

RAYMOND J. CZAHAR
 CHIEF FINANCIAL OFFICER
 WEST COAST GAS COMPANY
 9203 BEATTY DRIVE
 SACRAMENTO, CA 95826
 FOR: WEST COAST GAS COMPANY

CATHIE ALLEN
 DIR., REGULATORY AFFAIRS
 PACIFICORP
 825 NE MULTNOMAH STREET, SUITE 2000
 PORTLAND, OR 97232
 FOR: PACIFICORP

State Service

DRISHA MELTON
 CALIF PUBLIC UTILITIES COMMISSION
 CONSUMER SERVICE AND INFORMATION DIVISIO
 320 WEST 4TH STREET SUITE 500
 LOS ANGELES, CA 90013

BRUCE DEBERRY
 CALIF PUBLIC UTILITIES COMMISSION
 DIVISION OF ADMINISTRATIVE LAW JUDGES
 ROOM 5043
 505 VAN NESS AVENUE
 SAN FRANCISCO, CA 94102-3214

KAREN WATTS-ZAGHA
 CALIF PUBLIC UTILITIES COMMISSION
 ENERGY PRICING AND CUSTOMER PROGRAMS BRA
 ROOM 4104
 505 VAN NESS AVENUE
 SAN FRANCISCO, CA 94102-3214

LEE-WHEI TAN
 CALIF PUBLIC UTILITIES COMMISSION
 ENERGY PRICING AND CUSTOMER PROGRAMS BRA
 ROOM 4102
 505 VAN NESS AVENUE
 SAN FRANCISCO, CA 94102-3214

MARZIA ZAFAR
 CALIF PUBLIC UTILITIES COMMISSION
 PUBLIC ADVISOR OFFICE
 ROOM 2-B
 505 VAN NESS AVENUE
 SAN FRANCISCO, CA 94102-3214

STEPHANIE GREEN
 CALIF PUBLIC UTILITIES COMMISSION
 PUBLIC ADVISOR OFFICE
 AREA 2-B
 505 VAN NESS AVENUE
 SAN FRANCISCO, CA 94102-3214

[TOP OF PAGE](#)
[BACK TO INDEX OF SERVICE LISTS](#)