

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the
Commission's Own Motion to Adopt new
Safety and Reliability Regulations for Natural
Gas Transmission and Distribution Pipelines
and Related Ratemaking Mechanisms

Rulemaking 11-02-019
(Filed February 24, 2011)

**REPLY COMMENTS OF
SOUTHWEST GAS CORPORATION (U 705 G)
ON THE PROPOSED DECISION MANDATING
SAFETY IMPLEMENTATION PLAN, DISALLOWING COSTS,
AND AUTHORIZING MEMORANDUM ACCOUNT**

SOUTHWEST GAS CORPORATION
Catherine M. Mazzeo, Esq.
5241 Spring Mountain Road
P.O. Box 98510
Las Vegas, Nevada 89193-8510
Telephone No. (702) 876-7250
Facsimile No. (702) 252-7283
E-mail: catherine.mazzeo@swgas.com
Attorney for Southwest Gas Corporation

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

2 Order Instituting Rulemaking on the
3 Commission's Own Motion to Adopt new
4 Safety and Reliability Regulations for Natural
Gas Transmission and Distribution Pipelines
and Related Ratemaking Mechanisms

Rulemaking 11-02-019
(Filed February 24, 2011)

5 **REPLY COMMENTS OF**
6 **SOUTHWEST GAS CORPORATION (U 705 G)**
7 **ON THE PROPOSED DECISION MANDATING**
8 **SAFETY IMPLEMENTATION PLAN, DISALLOWING COSTS,**
9 **AND AUTHORIZING MEMORANDUM ACCOUNT**

10 Southwest Gas Corporation (Southwest Gas or Company) hereby submits its Reply
11 Comments to the California Public Utilities Commission (Commission) concerning the
12 Proposed Decision Mandating Safety Implementation Plan, Disallowing Costs, and Authorizing
13 Memorandum Account (Proposed Decision), in accordance with Rule 14.3 of the
14 Commission's Rules of Practice and Procedure. Specifically, Southwest Gas replies to the
15 Comments filed by the Division of Ratepayer Advocates (DRA).

16 Southwest Gas disagrees with DRA's assertion that the Proposed Decision "errs in
17 authorizing memorandum account treatment of SWG's implementation plan costs. SWG does
18 not need such a mechanism given its pending general rate case (GRC)."¹ The fact that
19 Southwest Gas included its Implementation Plan work among the plant additions set forth in its
20 pending rate case² does not eliminate the need for a memorandum account. Because this
21 proceeding and the Company's rate case are running concurrently, the potential for a gap in
22 how cost recovery should be fully addressed exists - in terms of what, when, and how the
23 costs will be recovered. To avoid the potentially inequitable scenario where a gap exists in the
24 ultimate determination of cost recovery (either what, when, or how), the Company seeks
25 approval of a memorandum account, which will only be utilized by the Company if the cost

¹ DRA Comments, at 1.

² A.12-12-024.

1 recovery issue is not fully resolved in the pending rate case proceeding.³ Consequently, there
2 is no harm in approving the memorandum account to address any gap in cost recovery that
3 may exist.

4 DATED this 6th day of May 2013.

5 Respectfully submitted,
6 SOUTHWEST GAS CORPORATION

7 

8 Catherine M. Mazzeo, Esq.
9 5241 Spring Mountain Road
10 P.O. Box 98510
11 Las Vegas, Nevada 89193-8510
12 Telephone No. (702) 876-7250
13 Facsimile No. (702) 252-7283
14 E-mail: catherine.mazzeo@swgas.com
15 *Attorney for Southwest Gas Corporation*

16
17
18
19
20
21
22
23
24
25

³ The Company recognizes that the determination of any allocation of Implementation Plan costs between customers and shareholders will occur in the instant proceeding. However, the recovery of those costs may or may not be fully addressed in the pending rate case, which is why a memorandum account is warranted.