

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop a Risk-Based Decision-Making Framework to Evaluate Safety and Reliability Improvements and Revise the General Rate Case Plan for Energy Utilities.

Rulemaking 13-11-006
(Filed November 14, 2013)

**REPLY COMMENTS OF
SOUTHWEST GAS CORPORATION (U 905 G)**

Catherine M. Mazzeo
Jason S. Wilcock
5241 Spring Mountain Road
Las Vegas, NV 89150-0002
Telephone: 702.876.7250
Telephone: 702.364.3227
Facsimile: 702.252.7283
catherine.mazzeo@swgas.com
jason.wilcock@swgas.com

Attorneys for Southwest Gas Corporation

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10 Southwest Gas Corporation (Southwest Gas or Company) hereby provides its reply
11 comments pursuant to the California Public Utilities Commission's (Commission) Order Instituting
12 Rulemaking to Develop a Risk-Based Decision-Making Framework to Evaluate Safety and
13 Reliability Improvements and Revise the General Rate Case Plan for Energy Utilities (OIR).

14 As stated in its Opening Comments, Southwest Gas believes that the modification or
15 elimination of the Notice of Intent (NOI) may assist in reducing the complexity and increasing the
16 efficiency of the rate case process. Comments from various parties appear to indicate an
17 agreement that the NOI should be eliminated, particularly for the small utilities.¹ There also
18 appears to be general consensus that the Rate Case Plan should take into account differences
19 between utilities, especially differences associated with size, location and operations between
20 the small and large investor-owned utilities.² Southwest Gas is a multi-jurisdictional, natural gas
21 distribution utility serving approximately 1.9 million customers, only 10 percent of which are in its
22 California service territories. The Company currently utilizes a five-year rate case cycle and the
23 entirety of the Company's rate case issues are adjudicated in a single proceeding. It therefore
24 makes sense for Southwest Gas and other small multi-jurisdictional utilities to continue preparing
25 and filing their rate cases in a manner currently prescribed in the Rate Case Plan.

¹ See, e.g., Comments of PacifiCorp, Bear Valley Electric Service, Liberty Utilities (CalPeco Electric) LLC, and the Office of Ratepayer Advocates (ORA).

² *Id.*

1 ORA suggests a flexible timeline for processing small utility rate cases, and recommends
2 that the Commission not specify any timeline for small utility rate cases beyond a four-year
3 minimum general rate case (GRC) cycle.³ While Southwest Gas generally agrees that the Rate
4 Case Plan should not be overly prescriptive, it encourages the Commission to retain the currently
5 existing timeline for processing small utility rate cases (i.e. completion of the rate case within 12
6 months, subject to the availability of Commission resources) so that there is a general and
7 consistent framework for the Commission and all interested parties to adhere to.

8 Further, Southwest Gas agrees with Southern California Edison Company (SCE) that "a
9 more significant issue in recent GRCs has been the Commission not issuing a final decision
10 within the timeframe found in the Rate Case Plan, or established in the scoping memo."⁴
11 Accordingly, and in addition to maintaining the Rate Case Plan as it applies to small utilities,
12 Southwest Gas suggests that the Commission consider a concept similar to that employed by the
13 Federal Energy Regulatory Commission, whereby new rates are deemed effective and put in
14 place the beginning of the test period, yet remain subject to refund upon the issuance of a final
15 decision. Alternatively, the Commission could establish a memorandum account for the utility
16 early on in the rate case process, which could then be used to track and record the difference
17 between current and authorized rates in the event a final Commission decision is not issued prior
18 to the proposed rate effective date.

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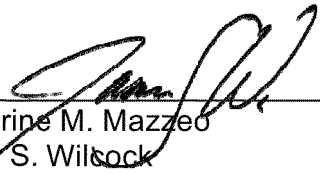
24 ³ See, ORA Comments at p. 9.

25 ⁴ See, SCE Comments, at p. 10. See *also*, Comments of Southern California Gas Company and San Diego Gas & Electric Company, at p.6; Comments of Pacific Gas & Electric Company, at p. 7.

1 Southwest Gas once again appreciates the opportunity to provide these comments and
2 looks forward to working with the Commission and other interested parties to address the issues
3 raised in this Rulemaking.

4 Respectfully submitted this 30th day of January 2014.

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8 Catherine M. Mazzeo
9 Jason S. Wilcock
10 5241 Spring Mountain Road
11 Las Vegas, NV 89150-0002
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16 jason.wilcock@swgas.com

17 *Attorneys for Southwest Gas Corporation*