## 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)

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January 30, 2014

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

Southwest Gas Corporation (Southwest Gas or Company) hereby provides its reply comments pursuant to the California Public Utilities Commission's (Commission) 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 (OIR).

11 As stated in its Opening Comments, Southwest Gas believes that the modification or 12 elimination of the Notice of Intent (NOI) may assist in reducing the complexity and increasing the 13 efficiency of the rate case process. Comments from various parties appear to indicate an agreement that the NOI should be eliminated, particularly for the small utilities.<sup>1</sup> There also 14 15 appears to be general consensus that the Rate Case Plan should take into account differences 16 between utilities, especially differences associated with size, location and operations between the small and large investor-owned utilities.<sup>2</sup> Southwest Gas is a multi-jurisdictional, natural gas 17 18 distribution utility serving approximately 1.9 million customers, only 10 percent of which are in its 19 California service territories. The Company currently utilizes a five-year rate case cycle and the 20 entirety of the Company's rate case issues are adjudicated in a single proceeding. It therefore 21 makes sense for Southwest Gas and other small multi-jurisdictional utilities to continue preparing 22 and filing their rate cases in a manner currently prescribed in the Rate Case Plan.

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<sup>&</sup>lt;sup>1</sup> See, e.g., Comments of PacifiCorp, Bear Valley Electric Service, Liberty Utilities (CalPeco Electric) LLC, and the Office of Ratepayer Advocates (ORA). <sup>2</sup> Id.

ORA suggests a flexible timeline for processing small utility rate cases, and recommends that the Commission not specify any timeline for small utility rate cases beyond a four-year minimum general rate case (GRC) cycle.<sup>3</sup> While Southwest Gas generally agrees that the Rate Case Plan should not be overly prescriptive, it encourages the Commission to retain the currently existing timeline for processing small utility rate cases (i.e. completion of the rate case within 12 months, subject to the availability of Commission resources) so that there is a general and 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 within the timeframe found in the Rate Case Plan, or established in the scoping memo."4 10 11 Accordingly, and in addition to maintaining the Rate Case Plan as it applies to small utilities, Southwest Gas suggests that the Commission consider a concept similar to that employed by the 12 13 Federal Energy Regulatory Commission, whereby new rates are deemed effective and put in place the beginning of the test period, yet remain subject to refund upon the issuance of a final 14 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 <sup>3</sup> See, ORA Comments at p. 9.

 <sup>&</sup>lt;sup>4</sup> See, SCE Comments, at p. 10. See also, Comments of Southern California Gas Company and San Diego Gas
25 & 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 30 <sup>th</sup> day of January 2014.
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