

**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)

**FIRST ROUND OPENING 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  
Facsimile: 702.252.7283  
Email: [catherine.mazzeo@swgas.com](mailto:catherine.mazzeo@swgas.com)  
Email: [jason.wilcock@swgas.com](mailto:jason.wilcock@swgas.com)

*Attorneys for Southwest Gas Corporation*

May 23, 2014

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

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

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

5  
6 **FIRST ROUND OPENING COMMENTS OF**  
7 **SOUTHWEST GAS CORPORATION (U 905 G)**

8 In accordance with the Scoping Memo and Ruling of the Assigned Commissioner  
9 and Administrative Law Judge (Scoping Memo) issued May 15, 2014, Southwest Gas  
10 Corporation (Southwest Gas or Company) hereby submits to the California Public Utilities  
11 Commission (Commission) its First Round Opening Comments on the refined straw  
12 proposal in Commission's Order Instituting Rulemaking to Develop a Risk-Based Decision-  
13 Making Framework to Evaluate Safety and Reliability Improvements and Revise the  
14 General Rate Case Plan for Energy Utilities (Rulemaking).

15 **I. Introduction and Background**

16 The Commission opened the instant Rulemaking November 14, 2013 to establish a  
17 process for developing a risk-based decision-making framework for evaluating utility safety  
18 and reliability issues in the context of utility general rate cases. The Rulemaking also  
19 seeks to consider possible revisions to the Rate Case Plan (RCP) to make the rate case  
20 process more efficient. The Commission's Policy and Planning Division issued a straw  
21 proposal February 20, 2014. Parties attended workshops regarding the straw proposal  
22 from March 19-21, 2014 and thereafter supplied suggested changes and additions to the  
23 straw proposal. A refined straw proposal was issued April 17, 2014.

1 A pre-hearing conference was held April 29, 2014. The Scoping Memo, issued May  
2 15, 2014, clarifies certain issues raised at the pre-hearing conference and, in particular,  
3 concludes that parties will have an opportunity to participate in two rounds of comments –  
4 a first round that, “...will address the refined straw proposal, possible alternative, RCP  
5 timing issues related to the adoption of a risk-based decision-making framework, and the  
6 issues listed in 3.c of the [pre-hearing conference] agenda,” and a second round that,  
7 “...will address proposed changes to the RCP.”<sup>1</sup>

## 8 **II. Comments**

9 Southwest Gas is a small, multi-jurisdictional utility (SMJU), serving customers in  
10 California, Arizona and Nevada. Southwest Gas supports the Commission’s overarching  
11 goal of, “...ensur[ing] that the utilities are focusing on safety, assessing the right risks, and  
12 spending ratepayer money to address those risks in a cost-effective manner,” as set forth  
13 in the April 17, 2014 refined straw proposal.<sup>2</sup> However, the Company recommends that  
14 the processes outlined in the refined straw proposal (or any alternative processes that may  
15 be approved by the Commission), be designed and initially implemented only for the four  
16 (4) major California energy utilities.<sup>3</sup>

17 As it has done in many other instances, the Commission should consider the  
18 differences between the major energy utilities and the SMJUs in this proceeding. For  
19 example, SMJU rate cases address all of the utility’s cost of service issues in a single  
20 proceeding and generally have far fewer intervening parties than the major energy utilities’  
21 rate cases. It therefore might be possible for Southwest Gas and the other SMJUs to

---

22  
23 <sup>1</sup> Scoping Ruling, at p. 7.

<sup>2</sup> Refined Straw Proposal, at p. 1.

<sup>3</sup> Pacific Gas & Electric (PG&E), Southern California Edison (SCE), Southern California Gas Company (SoCalGas) and San Diego Gas & Electric (SDG&E). See also, Refined Straw Proposal, at fn. 1.

1 incorporate a risk-based decision-making framework into their existing rate case process  
2 that is the same as (or similar to) the framework utilized by the major energy utilities,  
3 without the need for a Risk Assessment and Mitigation Phase (RAMP), and without  
4 requiring participation in a separate Safety Model Assessment Proceeding (S-MAP).  
5 Southwest Gas suggests that once an approach is developed and adopted for the major  
6 energy utilities, a workshop be held for the SMJUs and other interested parties to consider  
7 how the SMJUs can modify their general rate case process.

8 **III. Conclusion**

9 Southwest Gas appreciates the opportunity to provide these First Round Opening  
10 Comments and looks forward to working with the Commission and other interested parties  
11 to this Rulemaking.

12 DATED this 23<sup>rd</sup> day of May, 2014.

13 Respectfully submitted,

14 SOUTHWEST GAS CORPORATION

15 

16 \_\_\_\_\_  
17 Catherine M. Mazzeo  
18 Jason S. Wilcock  
19 5241 Spring Mountain Road  
20 P.O. Box 98510  
21 Las Vegas, Nevada 89193-8510  
22 Telephone: 702.876.7250  
23 Facsimile: 702.252.7283  
24 Email: [catherine.mazzeo@swgas.com](mailto:catherine.mazzeo@swgas.com)  
Email: [jason.wilcock@swgas.com](mailto:jason.wilcock@swgas.com)

*Attorneys for Southwest Gas Corporation*