

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's
Proposed Policies and Programs Governing
Post-2003 Low-Income Assistance Programs

Rulemaking 04-01-006
(Filed January 22, 2004)

And Related Matters

Application 05-06-005
(Filed June 1, 2005)

Application 05-06-009
(Filed June 1, 2005)

Application 05-06-012
(Filed June 1, 2005)

Application 05-06-013
(Filed June 1, 2005)

**Comments of
Southwest Gas Corporation
(U 905 G)
In Response to the September 13, 2005
Notice of October 6, 2005 Full Panel Hearing in Los Angeles**

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Dated: September 27, 2005

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(U 905 G)
In Response to the September 13, 2005
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Southwest Gas Corporation (Southwest) hereby submits its Comments in respect of the September 13, 2005 Notice of October 6, 2005 Full Panel Hearing to allow the Public Utilities Commission of the State of California (Commission) to hear from utilities and other constituents regarding the impact of increasingly higher utility bills and what can be done to reduce these impacts.

I.
INTRODUCTION

In its September 13, 2005 Notice, the Commission directed the utilities to prepare for presentation at the full panel hearing, proposals for reducing bill impacts for low-income customers during the coming winter and to provide those proposals in Comments filed no later than September 28, 2005. Southwest's proposals to raise customer awareness of this winter's potential rate increases, how the increases

translate into customer bills, how customers can manage their energy consumption, and options available to customers to assist them in the management of their bills are discussed below.

II. DISCUSSION

Southwest appreciates and shares the Commission's concern regarding rising energy prices and their potential impact on California energy consumers, especially the significant price increases that have resulted due to Hurricane Katrina and the devastation to the Gulf Coast. Southwest's natural gas utility operations in California consist of two distinct service territories¹, and although Southwest has hedged a portion of its gas portfolio through storage and fixed-price contracts (from 25 percent to 50 percent in Northern and Southern California, respectively), based on current market conditions, Southwest estimates that during November 2005 through March 2006 winter months, its Northern and Southern California customers' monthly gas bills are estimated to increase on average approximately 26 percent and 5 percent, respectively. Nonetheless, Southwest believes it can assist its customers in meeting these higher energy prices, and as such, Southwest offers the following energy assistance programs:

- a) California Alternate Rates for Energy (CARE) Program – an income-qualified energy assistance program providing a 20 percent discount on monthly gas bills for those customers whose income does not exceed 175 percent of the Federal Poverty Income (FPI) level. Pursuant to Decision (D.) 05-07-014 rendered in Rulemaking 04-01-006 and Application 04-07-009, et al., Southwest has implemented self-certification, whereby customers are not

¹ Southwest's Southern California Division serves approximately 115,000 customers in portions of San Bernardino County. Southwest's Northern California Division serves approximately 22,000 customers in portions of Placer, Nevada and El Dorado Counties in and around the Lake Tahoe and Truckee areas.

required to submit income verification with their CARE Program applications and are able to “self-certify” their eligibility.

- b) Low-Income Energy Efficiency (LIEE) Weatherization Program – an income qualified energy assistance program providing no-cost energy-saving weatherization measures. The LIEE Program provides long-term energy savings, particularly for space heating and cooling. The income guidelines are the same as the CARE Program listed above, except that customers who are handicapped or senior citizens qualify for assistance of up to 200 percent of the FPI level.
- c) California Additional Baseline Program – a program where upon verification by a physician, medically qualified customers are able to receive an additional monthly medical allowance of 25 therms. Southwest may allow an additional 25 therms, if upon further verification, the standard monthly medical allowance is insufficient.

Southwest will continue its existing aggressive outreach efforts regarding its various energy assistance programs to reach and enroll qualified low-income customers. The current Southwest outreach activities include the following:

- a) Bill inserts – during August, non-CARE Program customers received a CARE Program application in both English and Spanish.
- b) On-hold messages – customers receive information regarding energy assistance programs, including the CARE and Low-Income Energy Efficiency (LIEE) Weatherization Programs;

- c) Southwest Gas Website – at www.swgas.com, Southwest customers may obtain information on various energy assistance programs available such as CARE, LIEE, and our deferred payment program;
- d) Bill messages – quarterly bill messages regarding the CARE Program appear on customer bills in both English and Spanish;
- e) Data share-automatic enrollment – Southwest currently conducts a quarterly data share with other utilities (Southern California Edison, Sierra Pacific Power Company and Bear Valley Electric Service) whose service territories overlap with Southwest’s service territories, to identify eligible CARE customers. Southwest automatically enrolls those customers that have been identified as CARE Program participants through the other California utilities in overlapping service territories.

In addition to the existing programs, and the potential impact that this coming winter’s energy prices may pose on its customers, Southwest is currently evaluating additional outreach methods as outlined below:

- a) Media relations – a series of targeted news releases in Southwest’s California Service territories discussing the rising energy prices, energy saving tips, as well as various methods available to assist in paying customers’ bills;
- b) Bill inserts - Beginning in mid-October, the October/November edition of Southwest’s customer newsletter, *News to Use*, will highlight the issue of rising energy prices, promote energy saving tips, and encourage customer enrollment in Southwest’s Equal Payment Plan, which allows customers to evenly distribute their annual natural gas costs into equal monthly payments. In addition, the December/January edition of *News to Use* will feature

updated information on energy prices, more energy saving tips, and a reminder to our customers that if they are expecting or experiencing problems with paying their gas bill, to contact Southwest as soon as possible. Southwest's Customer Assistance Representatives are continually trained to discuss various available payment options with customers, information on the CARE and LIEE Programs, and, when appropriate, provide referrals to community assistance agencies. This newsletter will be distributed mid-December. *News to Use* will also be utilized as a brochure

- c) Website – tailored Question and Answer section on Southwest's website addressing current energy issues, energy saving tips, as well as, various methods available to assist customers in paying their bills;
- d) CARE Program postcard mailing – Southwest will mail to all its non-CARE Program customers, a postcard containing information on its CARE Program;
- e) Employee education – Southwest will hold employee meetings to discuss current energy issues and distribute information to further assist employees when interacting with customers regarding their bills. Southwest's Customer Assistance Representatives are continually trained to discuss various available payment options with customers, information on the CARE and LIEE Programs, and, when appropriate, provide referrals to community assistance agencies;
- f) Bill Envelope Messages - During the months of November and December, the back of the billing envelopes will be printed with the message "Winter weather brings higher heating bills. Conserving energy just makes good 'cents.' Call 1-800-654-2765 for energy-saving tips."

III.
CONCLUSION

Southwest is very concerned about the dramatic increase in energy prices and the impact that increased energy prices have on our customers. We look forward to working with the Commission and community agencies to provide our customers with information that will help them to best manage their energy needs and that will assist in minimizing the potential impact of today's higher energy price levels.

Dated this 27th day of September, 2005.



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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the **Comments of Southwest Gas Corporation (U 905 G) In Response to the September 13, 2005 Notice of October 6, 2005 Full Panel Hearing in Los Angeles** on each party named on the official service list in proceeding R.04-01-006 by electronic mail or regular first-class mail.

Dated at Las Vegas, Nevada, this 27th day of September 2005.


An employee of Southwest Gas Corporation