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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the
Commission's Own Motion to Consider
Revising Energy Utility Tariff Rules Related to
Deposits and Adjusting Bills as They Affect
Small Business Customers

Rulemaking 10-05-005
(Filed May 6, 2010)

**OPENING COMMENTS
OF
SOUTHWEST GAS CORPORATION
(U-905-G)**

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I. INTRODUCTION

On May 12, 2010, the California Public Utilities Commission ("Commission") issued an Order Instituting Rulemaking on the Commission's Own Motion to Consider Revising Energy Tariff Rules Related to Deposits and Adjusting Bills as They Affect Small Business Customers ("OIR") and Preliminary Scoping Memo, to determine if utility tariff rules should be revised and/or updated. The proposed revisions consider whether micro-businesses, as defined by Government Code Section 14837¹, should be treated the same as residential customers for specific billing and deposit purposes. The Commission requested that parties file opening comments on or before June 14, 2010². Southwest Gas Corporation ("Southwest" or "Company") is a named respondent in this proceeding, and in accordance with Rule 6.2 of the Commission's Rules of Practice and Procedure, Southwest submits the following Opening Comments concerning the issues contained in the OIR.

¹ Although footnote 1 of the OIR defines micro-businesses as having average annual gross receipts of two million seven hundred and fifty thousand dollars (\$2,750,000) or less over the previous three years, Southwest is informed and believes that in 2009 the Department of General Services increased this amount to three million five hundred thousand dollars (\$3,500,000) in accordance with Government Code Section 14837(3). For purposes of these comments, Southwest will assume the Commission intends for the \$3,500,000 figure to apply.

² Initially, the Commission requested that opening comments be filed by June 7, 2010. However, on May 27, 2010, the Commission's Executive Director granted the parties a seven (7) day extension in order to accommodate any utility and/or Commission staff working simultaneously on this docket and docket 10-02-005.

1 the benefits associated with being defined as a micro-business must become certified through
2 the Department of General Services (“DGS”). When a business successfully certifies with
3 DGS, it receives an email verification to print and maintain for its records. DGS also adds the
4 company to its on-line database of certified small businesses and micro-businesses.

5 Southwest believes that the long-established DGS practices provide a simple means of
6 identifying micro-business customers that can be utilized by all utilities. Micro-business
7 customers who are entitled to relief under the proposed tariff changes can contact the utility,
8 either proactively or in the event of an actual billing adjustment or deposit requirement, and
9 provide the utility a copy of their DGS certification email. In the absence of an email, and/or to
10 verify the customer’s status as a certified micro-business, the utility could run the business
11 name and/or address through the DGS database. Identifying micro-business customers in this
12 manner creates a necessary level of consistency among the utilities, and avoids confusion on
13 the part of the customers, who are already familiar with the term “micro-business” and the
14 criteria required to become certified as a micro-business through DGS. It also alleviates other
15 potential problems associated with having the utilities determine whether a customer qualifies
16 as a micro-business including, but not limited to, privacy concerns relating to the customer’s
17 production of confidential financial information to the utilities.

18 **2) Implementing Tariff Changes Regarding Billing Adjustments.**

19 Even though the DGS certification process and database system allow the utilities to
20 identify, or confirm the identity of, micro-business customers with relative ease, the utilities
21 must still develop programming and other system changes in order to effectuate the proposed
22 tariff changes. Thus, implementing the proposed tariff changes may prove difficult, especially
23 for utilities such as Southwest, which have a small presence in California. Southwest currently
24 serves approximately 10,300 non-residential customers in its California service territories.
25 Southwest has not analyzed how many of those customers are micro-businesses. However, a
26 general search (by zip code) of the DGS database indicates that there are approximately 40
27 certified micro-businesses in all of Southwest’s California service territories. Even assuming
28 that every one of these 40 micro-businesses is a Southwest customer, the proposed tariff

1 changes will impact less than .5% of Southwest's total non-residential customers; and it is
2 anticipated that an even smaller number of micro-business customers will actually experience a
3 billing adjustment in excess of 3 months, and/or a deposit requirement.

4 Moreover, in Southwest's case, the existing tariff rules are giving the right signals as to
5 billing and metering errors. In the past 24 months, Southwest made 411 billing adjustments⁴
6 for non-residential customers in its California service territories. Nearly 90% of those accounts
7 experienced adjustments for 3 months of billing or less – which indicates that Southwest's
8 commercial customers as a whole already receive the very same relief that the proposed tariff
9 changes would afford to micro-business customers. Accordingly, Southwest would request
10 that the Commission exempt it from any rule(s) regarding back-billing that are established as a
11 result of this rulemaking, and allow it to address any back-billing issues that might arise with its
12 micro-business customers on a case-by-case basis.

13 **3) Implementing Tariff Changes Regarding Customer Deposits.**

14 The Commission's Preliminary Scoping Memo proposes that utilities treat micro-
15 business customers the same as residential customers with regard to deposits to re-establish
16 credit upon slow-payment or non-payment of bills, or following a disconnection. New rules
17 regarding deposits for residential customers were proposed by the Commission in R.10-02-
18 005. Because R.10-02-005 remains unresolved and the content of any new or modified
19 residential deposit rules remains unknown, it is difficult for the utilities to specifically comment
20 on whether micro-business customers should be subject to the same deposit rules as
21 residential customers. Therefore, the proposed order in R.10-02-005, once issued, may merit
22 additional comments by the utilities in this proceeding.

23 Notwithstanding, and as with the proposed tariff changes involving billing adjustments,
24 Southwest opposes the proposed tariff changes regarding deposits and would request
25 exemption from any deposit rule(s) that are approved through this docket. The Commission's
26 OIR expresses concern for small business customers who receive significant charges due to

27 _____
28 ⁴ These adjustments include both billing and meter errors.

1 billing or metering errors that date back several months, and are then subject to additional
2 deposit requirements when they are late paying the new bill, or unable to pay it at all.⁵ Due to
3 the very small number of deposit issues that may be associated with Southwest's micro-
4 business customers, it would be more efficient for the Commission to allow Southwest to
5 address any such issues on a case-by-case basis.

6 Additionally, Southwest has measures available to address, to the greatest extent
7 practicable, the needs of specific customers who are having difficulties making ends meet as a
8 result of the current economy. For example, Southwest's customer service representatives can
9 reduce or make payment arrangements for customer deposits, and they have authority to grant
10 a one-time deposit waiver for customers re-establishing service (requests for additional waivers
11 must be approved by a supervisor).

12 Southwest also hopes to help customers avoid deposits to re-establish service by
13 avoiding the termination of service in the first place. Southwest views termination of service as
14 a last resort and would much rather work with its customers to continue service. To that end,
15 customers may make requests to extend their shut-off dates by contacting Southwest via
16 email, or by calling a Southwest customer service representative. Southwest's customer
17 service representatives have the flexibility to negotiate payment arrangements with customers
18 to avoid pending disconnections. Southwest also utilizes an Interactive Voice Response
19 ("IVR") system that allows a customer to extend its shut-off date for up to 3 days. These
20 options are available not only to Southwest's residential customers but to its non-residential
21 customers as well – another indication that Southwest's commercial customers as a whole are
22 eligible for the same benefits as the proposed tariff changes would provide to micro-
23 businesses. Indeed, in 2009 there were no formal deposit or disconnect related complaints
24 filed with the Commission by a non-residential customer of Southwest.

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26
27
28 ⁵ OIR, at Section 2.5.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing
OPENING COMMENTS OF SOUTHWEST GAS CORPORATION (U 905 G) upon the
individuals on the established service list in proceeding R.10-05-005 by electronic mail (email)
service. Those individuals without an email address were served by regular, first-class mail.

Dated at Las Vegas, Nevada, this 14th day of June, 2010.

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