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R2409012

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Safe and Reliable Gas Systems in California and Perform Long-Term Gas System Planning.

Rulemaking 24-09-012
(Filed September 26, 2024)

**COMMENTS OF SOUTHWEST GAS CORPORATION (U 905 G)
REGARDING DECISION ESTABLISHING APPLICATION PROCESS FOR SB
1221 NEIGHBORHOOD DECARBONIZATION PILOT PROGRAM**

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1 **A. Definitions.**

2 1. Affected Customer

3 Southwest Gas supports the Proposed Decision’s definition of “affected customer” as the
4 utility account holder for a property within the pilot project boundary.¹ To avoid ambiguity in
5 landlord–tenant settings, Southwest Gas recommends the Commission clarify that the term
6 refers to the customer of record responsible for service obligations.

7 2. Zero-Emission Alternative

8 The Proposed Decision defines Zero-Emission Alternative (ZEA) using statutory concepts
9 but includes additional criteria.² Southwest Gas recommends the Commission align the
10 definition more closely with California Public Utilities Code (Code) § 660(j) and avoid imposing
11 additional qualifiers that could be interpreted to narrow the statutory definition.

12 **B. Application Process.**

13 The Proposed Decision requires pilot proposals to be submitted exclusively via
14 applications.³ Southwest Gas continues to recommend that the Commission allow flexibility
15 by permitting Advice Letter submissions due to the timing of the program. The Advice Letter
16 process is more efficient and still provides the Commission with the necessary information for
17 approving pilot projects. The application process takes much longer and could hinder the
18 completion of the pilot projects within the requirements of the statute.

19 **C. Project Location.**

20 The Proposed Decision does not restrict pilot projects to Priority Neighborhood
21 Decarbonization Zones (PNDZs).⁴ Southwest Gas recommends that projects be limited to
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24 ¹ See Proposed Decision’s Conclusion of Law (COL) 1.
25 ² COL 7.
 ³ COL 10.
 ⁴ COL 15.

1 designated PNDZs and if projects are proposed outside PNDZs, the Commission should
2 require a specific showing of how the project satisfies PUC § 662.

3 **D. Application Requirements.**

4 The Proposed Decision requires extensive data at the application stage, including
5 prevailing language and customer segmentation data.⁵ Southwest Gas notes that certain data
6 may not be available at the required level of granularity (e.g., list of prevailing languages in the
7 pilot project area, etc.). Applicants should be permitted to rely on reasonable estimates based
8 on publicly available data sources.

9 **E. Electric and Cost Related Information.**

10 The Proposed Decision requires gas utilities to provide detailed information outside gas
11 utilities' core knowledge base.⁶ First, Southwest Gas is ill equipped in determining what
12 remediation would be needed for a customer to safely install electric appliances. Southwest
13 Gas believes that this would be the responsibility of either the electric utility, or a third-party
14 vendor provided by either the customer or electric utility.

15 Second, Southwest Gas does not believe that natural gas utilities should discuss programs
16 related to electric utilities with customers, determine the electric programs a customer may
17 quality for, or enroll customers in electric programs as electric utilities are best to work with
18 customers on these programs. Consequently, in short, gas utilities should provide information
19 and coordinate with program administrators rather than independently determining eligibility
20 or enrolling customers.

21 Furthermore, the Proposed Decision requires natural gas utilities to include a comparison
22 of estimated aggregate pre- and post-pilot total energy bills across pilot participants.⁷

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⁵ COL 17.

⁶ COL 21, 22 and 23.

⁷ COL 24.

1 Southwest Gas does not believe that natural gas utilities should anticipate post-pilot total
2 energy bills for electric usage. The electric utilities are better suited to provide this comparison.

3 **F. Customer Consent and Implementation**

4 The Proposed Decision allows pilot projects to proceed where property owners consent,
5 but customers or tenants do not.⁸ Southwest Gas is concerned this could create conflicts with
6 the utility's obligation to serve and practice implementation constraints and believes this is not
7 in the best interest of end-use customers. Implementation should not require disconnection of
8 non-consenting customers absent further Commission authorization.

9 **G. Cost Effectiveness Framework.**

10 The Proposed Decision requires multiple cost-effectiveness calculations.⁹ While
11 Southwest Gas understands this approach, it may increase complexity without improving
12 evaluation outcomes. Southwest Gas recommends that one primary cost-effectiveness test
13 should govern eligibility, with additional calculations provided for informational purposes.

14 **J. Cost Recovery.**

15 The Proposed Decision establishes a framework for recovery of pilot-related costs,
16 including amortization of certain expenditures.¹⁰ Southwest Gas recommends confirming that
17 utilities may recover all prudently incurred pilot-related costs, subject to Commission review.

18 **K. Application Template.**

19 The Proposed Decision requires compliance with a template that has not yet been
20 issued.¹¹ Southwest Gas cannot evaluate this requirement at this time. Therefore, Southwest
21 Gas recommends providing stakeholders an opportunity to review and comment on the
22 template prior to finalizing binding requirements.

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25 ⁸ COL 39.

⁹ COL 48.

¹⁰ COL 53-54.

¹¹ COL 18.

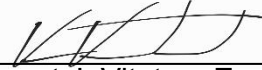
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III. **CONCLUSION.**

Southwest Gas appreciates the opportunity to provide these comments.

Respectfully submitted this 18th day of June 2026.

SOUTHWEST GAS CORPORATION



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