

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



September 25, 2020

Valerie J. Ontiveroz  
Southwest Gas Corporation  
Regulatory Manager/California  
P.O. Box 98510  
Las Vegas, NV 89193-8510

Dear Ms. Ontiveroz:

On November 8, 2019, Southwest Gas Corporation (SWG) filed Advice Letter 1116-G to comply with California Public Utilities Code §591, which requires gas utilities to annually report authorized capital or expense revenue redirected to other purposes. AL 1116-G was filed as a Tier 1 information only AL.

In Decision (D.) 19-04-020 the Commission recommended Small and Multi-Jurisdictional Utilities like SWG file interim Risk Spending Accountability Reports (RSAR) beginning in 2019 for the 2018 record year.<sup>1</sup> Decision (D.) 19-04-020 approved a general, simplified approach for the SMJUs in filing their annual reports for the time-being as they transition to a RSAR reporting requirement.

In its review of this Advice Letter CPUC's Energy Division (ED) finds SWG complied with the requirements of Public Utilities Code §591 and D.19-04-020. SWG presented authorized and actual 2018 spending in five functional areas (Other Gas Supply, Distribution, Customer Accounts, Customer Service & Information and Administrative & General) excluding accounts which were not safety, reliability, and/or maintenance related. The utility explained that its 2018 authorized capital budget was based on its authorized Test Year (TY) 2014 budget and escalated to 2018.<sup>2</sup> ED Staff was unable to verify spending at a more detailed level because AL 1116-G did not detail project level spending. SWG did not provide any variance explanations because it only underspent its authorized budget by around 12%.<sup>3</sup>

ED staff requests SWG provide an additional filing detailing its spending for 2019 by November 31, 2020.

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<sup>1</sup> D.19-04-020, p. 49-50.

<sup>2</sup> Southwest Gas' November 8, 2019 AL 1116-G, Attachment A, p. 1.

<sup>3</sup>The Safety Model Assessment Proceeding (S-MAP) Decision (D.) 19-04-020 directs large utilities to explain variances above a threshold of 20%.

## RECOMMENDATIONS

SWG should continue to submit §591 filings until it files its first official RSAR in the TY 2021 GRC proceeding, on June 30, 2022.<sup>4</sup> While AL 1116-G conformed to §591, D.19-04-020 will require more detail.<sup>5</sup> ED Staff recommends SWG provide the items below, at the company-wide, functional category-level and program-level, separated by capital and O&M:

- A thorough description of how authorized spending was derived
- Safety, Reliability and Maintenance program descriptions
- Authorized and actual spending
- The difference from authorized spending in dollars and percent
- Variance explanations above 20%
- Balancing account variances

When SWG filed its 2020 Test Year (TY) General Rate Case (GRC) application in December 2019, the utility expressed a commitment of moving toward a risk-based decision-making framework.<sup>6</sup> SWG should continue transitioning toward a comprehensive risk-based planning framework with submission of its next interim §591 filing on November 31, 2020. The 2019 report should be filed in the GRC within which the described costs were authorized and made available to the CPUC's Safety and Enforcement Division, Safety Policy Division, and Public Advocates Office. SWG should also provide the report to the ED Tariff ([edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)).

If you have any questions or comments, please contact Kevin Flaherty, Public Utilities Analyst, at (415) 703-3842 or [kevin.flaherty@cpuc.ca.gov](mailto:kevin.flaherty@cpuc.ca.gov).

Sincerely,



Edward Randolph  
Deputy Executive Director for Energy and Climate Policy/  
Director, Energy Division

cc:

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<sup>4</sup> A.19-08-015. See Ordering Paragraph (O.P) 13 in D.19-04-020 for reporting guidance.

<sup>5</sup> See also the recommendations found in the General Guidance in the August 31, 2018 S-MAP ruling.

<sup>6</sup> SWG's GRC filing, A.19-08-015 (p. 5), indicated that "the Company engaged in the development of a risk-based decision-making framework..." where it "identified and evaluated several risks, reviewed existing controls, and developed proposed mitigations to address the identified risks."

Dorothy Duda,  
Branch Manager  
Market Structure, Costs and Natural Gas Branch

Service Lists for A.12-12-024



# **SOUTHWEST GAS CORPORATION**

November 8, 2019

## **Advice Letter No. 1116-G**

(U 905 G)

Public Utilities Commission of the State of California

### **Subject: Informational Only Advice Letter – 2018 Risk Spending Accountability Report**

#### **Purpose**

The purpose of this Advice Letter is to submit Southwest Gas Corporation's (Southwest Gas) information-only Risk Spending Accountability Report (RSAR) in accordance with California Public Utilities Code § 591. There are no tariff sheets associated with this submission.

#### **Background**

On April 25, 2019, the Commission approved D.19-04-020, which adopted a Voluntary Risk-Based Decision-Making Framework for use by the small and multi-jurisdictional utilities (SMJU), including Southwest Gas, in their general rate cases. D.19-04-020 also adopted a schedule for the SMJU's to submit their first RSARs after the general rate case proceeding in which funding for risk mitigation spending is authorized. Southwest Gas filed its Test Year 2021 General Rate Case on August 30, 2019 (Application 19-08-015), which included a risk-based decision-making framework and associated funding requests for risk-based infrastructure programs. Pursuant to Ordering Paragraph 13 in D.19-04-020, Southwest Gas' first RSAR will be due on June 30, 2022 for the 2021 reporting period.

#### **Information-Only RSAR**

On July 22, 2019, Southwest Gas received a written request from Energy Division Staff to submit an information-only RSAR for the 2018 reporting period by September 2. The Energy Division later granted Southwest Gas an extension to submit its information-only RSAR by November 8, 2019. Included as Attachment A is Southwest Gas' 2018 RSAR.

This Advice Letter will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule.

#### **Effective Date**

Southwest Gas believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 1 (Effective pending Energy Division Disposition) pursuant to General Order (GO) 96-B given that this Advice Letter is submitted as information only and is not



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requesting approval, authorization or other relief. Therefore, Southwest Gas respectfully requests that this Advice Letter be effective on November 8, 2019, which is the date submitted.

### **Protest**

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based with specificity. The protest must be sent no later than 20 days after the date of this advice submission, and shall be sent by letter via U.S. Mail, facsimile, or electronically. The address for mailing or delivering a protest to the Commission is:

ATTN: Tariff Unit  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, CA 94102  
Email: [edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)  
Facsimile: 415-703-2200

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004, at the same address as above and mailed, emailed or faxed to:

Mr. Justin Lee Brown  
Senior Vice President/General Counsel  
Southwest Gas Corporation  
P.O. Box 98510  
Las Vegas, NV 89193-8510  
Email: [justin.brown@swgas.com](mailto:justin.brown@swgas.com)  
Facsimile: 702-364-3452

### **Notice**

Southwest Gas believes it is exempt from the notice requirements set forth in General Rule 4.2 of GO 96-B, since this Advice Letter will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule that are currently in effect.

### **Service**

In accordance with GO 96-B, General Rule 7.2, Southwest Gas is mailing copies of this Advice Letter and related tariff sheets to the utilities and interested parties shown on the attached list.



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Communications regarding this submission should be directed to:

Valerie J. Ontiveroz  
Regulatory Manager/California  
Southwest Gas Corporation  
P.O. Box 98510  
Las Vegas, NV 89193-8510  
Telephone: 702-876-7323  
Email: [valerie.ontiveroz@swgas.com](mailto:valerie.ontiveroz@swgas.com)

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By:   
Valerie J. Ontiveroz

Attachments

## ATTACHMENT A

### SOUTHWEST GAS CORPORATION (U 905 G) CALIFORNIA 2014 AUTHORIZED DATA FOR 2018 INFORMATION-ONLY RISK SPENDING ACCOUNTABILITY REPORT[1]

	AUTHORIZED[2]			ACTUAL		
	<b>2014 Auth SCA</b>	<b>Accts Excluded</b>	<b>Net Auth 2014 SCA</b>	<b>2018 SCA</b>	<b>Accts Excluded</b>	<b>Net 2018 SCA</b>
Other Gas Supply	\$ 175,163	\$ -	\$ 175,163	\$ 175,670	\$ -	\$ 175,670
Distribution	14,751,791	(233,998)	14,517,793	15,109,708	(8,291)	15,101,417
Customer Accounts	5,111,835	-	5,111,835	3,606,201	-	3,606,201
Customer Service & Information	188,689	-	188,689	48,150	-	48,150
Administrative and General	1,829,398	1,668,352	161,046	2,545,269	2,381,575	163,694
	<b>2014 Auth NCA</b>	<b>Accts Excluded</b>	<b>Net Auth 2014 NCA</b>	<b>2018 NCA</b>	<b>Accts Excluded</b>	<b>Net 2018 NCA</b>
Other Gas Supply	\$ 31,636	\$ -	\$ 31,636	\$ 36,924	\$ -	\$ 36,924
Distribution	2,012,052	(257,994)	1,754,058	2,137,168	(190,181)	2,137,168
Customer Accounts	861,207	-	861,207	635,093	-	635,093
Customer Service & Information	34,079	-	34,079	9,983	-	9,983
Administrative and General	370,728	316,262	54,466	433,408	384,505	48,903
	<b>2014 Auth SLT</b>	<b>Accts Excluded</b>	<b>Net Auth 2014 SLT</b>	<b>2018 SLT</b>	<b>Accts Excluded</b>	<b>Net 2018 SLT</b>
Other Gas Supply	\$ 24,425	\$ -	\$ 24,425	\$ 24,392	\$ -	\$ 24,392
Distribution	2,447,140	(233,544)	2,213,596	2,659,994	(111,131)	2,659,994
Customer Accounts	564,473	-	564,473	487,144	-	487,144
Customer Service & Information	26,311	-	26,311	4,203	-	4,203
Administrative and General	174,111	139,238	34,873	378,671	348,048	30,623
	<b>Escalated to 2018</b>					<b>Net Actuals 2018 CA</b>
Other Gas Supply	\$ 257,728					\$ 236,986
Distribution	20,604,272					19,898,579
Customer Accounts	7,286,854					4,728,439
Customer Service & Information	277,629					62,336
Administrative and General	279,084					243,220
	<u>\$ 28,705,568</u>					<u>\$ 25,169,559</u>

[1] The above account categories includes spending on safety, reliability and/or maintenance activities. Southwest Gas has made a good faith effort to include only accounts which meet this description. The amounts shown are includes of these activities, but also include other operating activities.

[2] Authorized costs were determined by starting with the costs included in Southwest Gas' last California General Rate Case, A.12-12-024, for the FERC Account categories identified in Note 1 above and escalated for the Company's approved Post-Test Year Margin (PTYM) adjustment filings to determine the 2018 "authorized" amounts in rates.

**Distribution List**

Advice Letter No. 1116

In conformance with GO 96-B, General Rule 4.3

The following individuals or entities have been served by electronic mail:

Elizabeth Echols, Director  
Public Advocates Office  
[elizabeth.echols@cpuc.ca.gov](mailto:elizabeth.echols@cpuc.ca.gov)

Pacific Gas & Electric Company  
[PGETariffs@pge.com](mailto:PGETariffs@pge.com)

Southern California Gas Company  
[ROrtiz@SempraUtilities.com](mailto:ROrtiz@SempraUtilities.com)

San Diego Gas & Electric Company  
[SDG&ETariffs@SempraUtilities.com](mailto:SDG&ETariffs@SempraUtilities.com)

Belinda Gatti  
Energy Division  
California Public Utilities Commission  
[belinda.gatti@cpuc.ca.gov](mailto:belinda.gatti@cpuc.ca.gov)

Robert M. Pocta  
Public Advocates Office  
California Public Utilities Commission  
[robert.pocta@cpuc.ca.gov](mailto:robert.pocta@cpuc.ca.gov)

Nathaniel Skinner  
Public Advocates Office  
California Public Utilities Commission  
[nathaniel.skinner@cpuc.ca.gov](mailto:nathaniel.skinner@cpuc.ca.gov)

Pearlie Sabino  
Public Advocates Office  
California Public Utilities Commission  
[pearlie.sabino@cpuc.ca.gov](mailto:pearlie.sabino@cpuc.ca.gov)





# ADVICE LETTER SUMMARY

## ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.:

Utility type:

ELC       GAS       WATER  
 PLC       HEAT

Contact Person:

Phone #:  
E-mail:  
E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type:  Monthly     Quarterly     Annual     One-Time     Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested?  Yes     No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required?  Yes     No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets:

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name:  
Title:  
Utility Name:  
Address:  
City: State:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

Name:  
Title:  
Utility Name:  
Address:  
City: State:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

## ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	