



SOUTHWEST GAS CORPORATION

Demand Side Management and Energy Efficiency Activities

Brooks Congdon
Manager/Pricing & Tariffs

November 13, 2008

What Is Happening on Southwest's (SW's) System

- SW's Current DSM Programs
- Steep declines in use per customer result in a cost recovery / conservation dilemma
- SW's efforts to solve its cost recovery / conservation dilemma

Arizona

- Six approved programs (\$3.1 million)
 - Low-Income Energy Conservation \$500,000
 - ENERGY STAR® Home \$350,000
 - Consumer Products \$775,000
 - Commercial Equipment \$1,000,000
 - Distributed Generation \$400,000
 - Technology Information Center \$35,000

Arizona

- Low-Income Energy Conservation
\$500,000
 - Weatherization \$200,500
 - Health and Safety \$93,000
 - Special Project \$60,000
 - Emergency Bill Assistance \$45,000
 - Administration and Outreach \$101,500
 - Approximately 250 units weatherized

Arizona

- ENERGY STAR® Home \$350,000
 - 13 Builders, 30 Subdivisions
 - Pepper Viner Homes, Civano Development, Tucson AZ
 - DOE Builder Challenge Award
 - 36 on Energy Smart Home Scale
 - Recognizes SW's Assistance

Arizona

- Low-Income Energy Conservation and ENERGY STAR (EA Plus) Have Been in Place
- Consumer Products, Commercial Equipment, Distributed Generation and Technology Information Center are new Programs
- Program Administration Challenges
- Economy has Impacted Energy STAR, Consumer Product and Commercial Programs

Nevada

- Nevada Energy Connection
 - Universal Energy Charge
- Non-DSM Programs
 - Seniors Helping Seniors Weatherization Program
 - Energy Education (Bill Inserts, Brochures, Web Links)

California

- Low-Income Energy Efficiency Weatherization Program
 - \$1.1 Million Current Annual Budget
 - SW Proposed Budget \$1.3 Million for 2009, \$1.6 Million for 2010, and \$1.9 Million for 2011
 - CPUC Draft Decision \$2.4 Million for 2009, \$2.8 Million for 2010 and \$3.2 Million for 2011
- Other Proceedings and Laws
 - Strategic Plan for Energy Efficiency through 2020 (R.08-07-011)
 - All Homes Energy Efficient by 2020
 - Climate Change/Greenhouse Gases (R.06-04-009)
 - Cap and Trade for Small Customer Emissions Applies to LDCs in 2015

Arizona

12-Month Weather Normalized Residential Consumption per Customer (G-5 & G-6)

December 1985 – August 2008



SW's Efforts to Solve its Dilemma

- Initial Nevada and Arizona Rate Case Efforts
 - Proposed: 1) full RPC decoupling, 2) significantly higher basic charges, 3) declining block rate designs
 - What we learned: 1) RPC may lead to volatility in customer bills, 2) higher fixed charges and declining block rates are considered to be anti-conservation
- Current Arizona Rate Case Proposal
 - Proposed: 1) Real-time WNA, 2) RPC decoupling for non-weather, 3) flat commodity charge with offsetting blocks for gas and non-gas costs, 4) reduced increases to fixed charges
- Current Nevada Process
 - SB 437 “remove financial disincentives which discourage the public utility from supporting energy conservation”
 - Docket No. 07-06046



SOUTHWEST GAS CORPORATION

Questions