

ORIGINAL

Decision No. 54055

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
PACIFIC GAS AND ELECTRIC COMPANY)	
for authority to increase rates)	
applicable to natural gas service)	Application No. 34107
in the territory formerly served by)	(First Supplemental)
Coast Counties Gas and Electric)	
Company within the State of)	
California.)	

OPINION AND ORDER

By supplemental application filed in the above-entitled proceeding on September 4, 1956, Pacific Gas and Electric Company requests the Commission to find and determine that for the period May 15, 1953, through April 14, 1955, the offset rates and charges payable to Coast Counties Gas and Electric Company and Pacific Gas and Electric Company, as its successor, pursuant to Decision No. 48484, are not subject to refund. Decision No. 48484, dated April 14, 1953, authorized Coast Counties to file revised schedules of gas rates that contain a gas cost rate increase of \$0.09 per hundred cubic feet for service rendered on and after May 15, 1953. Subsequent to the issuance of that decision, Coast Counties was merged into Pacific on August 31, 1954, by authority of the Commission in Decision No. 50366 (Application No. 35541) with the latter being designated as the surviving corporation. For the purpose of applying the refund plan, however, the continued separate corporate existence of Coast Counties has been assumed. Pursuant to Paragraphs 2 and 3 of Decision No. 48484, Pacific filed this supplemental application.

Increased Cost of Gas

By Decision No. 48486, dated April 14, 1953, Pacific was authorized to file its Schedules Nos. G-61, "Wholesale Natural Gas Service", and G-62, "Intermittent Natural Gas Service - Wholesale", covering the sale of gas by Pacific to Coast Counties. The rate for all gas deliveries under Schedule G-61 was the rate per Mcf per month equal to the cost of gas per Mcf at 14.73 psia which Seller (Pacific) purchased from El Paso Natural Gas Company during said month at the California-Arizona border, plus an additive charge of 6 cents per Mcf. The cost of gas purchased from El Paso Natural Gas Company included a rate increase which had been allowed to go into effect by the Federal Power Commission (FPC Docket No. G-2018) subject to possible refund. Supplemental tariff sheets of Schedule G-61 were filed by Pacific to show the average cost per Mcf of gas purchased from El Paso and the rates applicable to Coast Counties under this schedule. The rates for gas deliveries under Schedule G-62 were fixed rates not subject to refund.

Offset Charges and Refund Plan

By Decision No. 48484, dated April 14, 1953, Coast Counties was authorized to make an offset charge of \$0.09 per 100 cubic feet of gas delivered to its customers to compensate it for that portion of the rate contained in Pacific's Schedule No. G-61, attributable to the increase taken by El Paso subject to refund. Such increased rates of Coast Counties became effective May 15, 1953, and were subject to refund to its customers. Coast Counties was authorized to determine any refunds to its customers in accordance with the formula contained in Exhibit No. 4 of Application No. 34107.

In Exhibit E, attached to this application, applicant has included a copy of the "Order Approving Proposed Settlement and Ordering Refunds", issued by the Federal Power Commission on

July 20, 1956, in Docket No. G-2018. This order indicates that the El Paso settlement rate to Pacific for the year 1953 is \$1.10 per Mcf demand and 17.1¢ per Mcf commodity (14.9 psia base), and \$1.62 per Mcf demand and 16.0¢ per Mcf commodity (14.9 psia base) for the period January 1, 1954 through April 14, 1955. In this same order the Federal Power Commission ordered El Paso to refund to Pacific \$1,048,901 with interest at 6 per cent per year for the period January 1 through December 31, 1953. The total amount, including interest, refunded to Pacific on July 31, 1956, for gas received from El Paso was \$1,231,843.18. The order of the Federal Power Commission further provided that no portion of the rates and charges collected by El Paso for jurisdictional sales during the period commencing January 1, 1954, and continuing through April 14, 1955, was to be refunded to its customers.

Exhibit F, attached to the application, shows the method of computing the refund payable by Pacific to Coast Counties for the year 1953. The exhibit shows that the refund applicable to Coast Counties during the period May 15, 1953, through December 31, 1953, is \$41,014 and is the addition of the monthly dollar refunds for each month. This includes only a prorata amount for May, 1953, based on 17 days.

Exhibit G, attached to the application, shows the method of computing refunds to customers of Coast Counties based on the formula in Exhibit No. 4 of Application No. 34107. Page 3 of this exhibit shows the computation to determine refunds payable for the offset period of May 15, 1953, through December 31, 1953. This computation shows that the total offset amount collected by Coast Counties from its customers during that period was less than the net increased cost of gas, after deducting the refund from Pacific, by \$21,784. Thus, no refunds are to be made under the approved formula.

The computations in Exhibits F and G have been checked and verified by the Commission staff.

Findings and Conclusions

After considering the contents of the application and the fact that our staff has made an independent verification of the methods used in computing refunds, the Commission finds and concludes that no refund is due; that the application should be granted; and that a public hearing is not necessary, therefore,

IT IS HEREBY ORDERED that

The rates and charges authorized by Decision No. 48484 are the reasonable fixed and permanent rates for the period May 15, 1953, through April 14, 1955, and are not subject to refund.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 5th day of NOVEMBER, 1956.

Peter E. Mitchell
President
Ralph L. Lutermeister
William J. ...
W. Hardy

Commissioners

Commissioner C. Lynn Fox did not participate in the disposition of this proceeding.