

ORIGINALDecision No. 54077

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application	}	Application No. 33700.
of SOUTHERN CALIFORNIA GAS COMPANY		
for a general increase in gas rates		
under Section 454 of the Public		
Utilities Code.	}	

ORDER AUTHORIZING REFUNDS

On December 2, 1952, this Commission issued Decision No. 47992 herein, authorizing Southern California Gas Company to increase its gas rates in order to offset increased rates for out-of-state gas purchased from El Paso Natural Gas Company. The increased rates of El Paso Natural Gas Company became effective January 1, 1953. The decision provided for possible refunds by Southern California Gas Company to its customers with such refunds to be determined by the formula contained in Exhibit 6-B in this proceeding, except that the cost of refunding would not be deducted in determining the amount of refund. On July 20, 1956, the Federal Power Commission issued its order in Docket No. G-2018, approving the settlement of that proceeding. Southern California Gas Company has received a refund from El Paso in the amount of \$815,731.50, plus interest of \$142,399.57, or a total of \$958,131.07.

Nature of Evidence

In accordance with Paragraphs 3 and 4 of the Commission's Decision No. 47992, Southern California Gas Company has submitted plans for making refunds to its customers. Copies of these plans have been made available to all parties in this proceeding and the Commission has had the benefit of comments by these parties on these plans. The first plan submitted by the company to the Commission is based on the use of the refund formula for the

period from January 1, 1953 to April 14, 1955. The second plan is predicated on the application of the refund formula only to the year 1953. The Commission notes that in the opinion in Decision No. 47992 in this proceeding, it stated as follows: "In other words, the period shall commence with the effective date of increased rates established by the Commission in compensation for the El Paso increase, and the termination date shall be as determined from the order of the Federal Power Commission in the El Paso rate proceeding."

The following excerpt is from the Federal Power Commission decision, issued July 20, 1956, in Docket No. G-2018:

"For the purposes of this settlement, the parties agreed that the rates and charges collected by El Paso for jurisdictional sales during the period commencing January 1, 1953, and continuing through December 31, 1953, exceeded the portion of its cost of service allocated to jurisdictional operations during this period, as shown on Appendix B hereof, by a total amount of \$2,895,387, and that this is the amount to be refunded by El Paso, to its customers, subject only to minor deviation necessitated by rate design, together with interest at the rate of six (6) per cent per year computed as hereinafter provided.

"It was further agreed for the purposes of this settlement 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, are to be refunded to its customers."

Due to increased sales volumes, Southern California Gas Company collected, during the period January 1, 1953, through April 14, 1955, \$1,199,734.04 over and above the amount of authorized offset charges of \$11,301,271.23, based on 1952 purchase volumes. This amount resulting from collections in excess of the authorized amount for the entire period is to be included in the total amount of refund to customers.

Under the second plan the total amount of the refund is \$1,987,611.34 and is distributed to classes of customers as follows:

General and Commercial	\$1,057,338.38
Gas Engine	28,318.44
Firm Industrial	140,457.03
Regular Interruptible	727,617.42
Steam Plant Basic	33,880.07
	<u>\$1,987,611.34</u>

Refund Plan

It is estimated that the average refund to be made to customers in the general and commercial classifications is approximately 70 cents. In order to simplify and expedite the refunding method, the company has proposed to modify its original refund plan as set forth in Exhibit 6-B by making refunds to the general and commercial service classifications based on each active customer's gas consumption for the November, 1956, billing cycle, and crediting the refund amount to the customer's bill rendered for that period. Refunds to all classes of service other than general and commercial will be based on prorated consumption at a rate slightly above 1/3 cent per Mcf for the refund period for active and closed accounts, and in the case of active accounts, the amounts due will be credited to the current monthly bill of each customer as provided in Exhibit 6-B.

Findings and Conclusions

The amount of \$1,987,611.34 to be refunded under the second plan and the proposed distribution by classes, as set forth above, appears reasonable. Furthermore, in view of the relatively small refund per general and commercial customer, applicant's proposal to base such refunds on the November, 1956, usage and limit it to currently active customers appears reasonable, except that since it is not possible to commence refunds with the November, 1956, billing cycle, the plan should be modified to base refunds on the billing cycle commencing with the effective date of this order. Applicant's proposal to refund to all other classes of customers on the basis of prorated consumption over the period as specified in Exhibit No. 6-B, likewise appears to be reasonable. The Commission

finds and concludes that the proposed refund plan as modified should be authorized and that a public hearing is not necessary; therefore,

IT IS HEREBY ORDERED that:

(1) Southern California Gas Company is authorized to make refunds to its customers beginning with the effective date of this order in accordance with its proposed refund plan as modified herein and in the amount of \$1,987,611.34. The amount of the refund shall be set forth by appropriate notice on each customer's bill:

(2) Southern California Gas Company shall keep records of the distribution of the refunds to its customers, and not later than April 1, 1957, shall submit to the Commission a summary by classes of service of the refunds made to its customers:

(3) Southern California Gas Company shall submit to the Commission quarterly reports of summaries of the distribution of refunds and shall submit a final summary not later than February 14, 1958, which will set forth any balance resulting from undelivered or uncashed checks and the cost of making the refunds.

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

Dated at San Francisco California, this 13th day of NOVEMBER, 1956.

[Signature]
President
[Signature]
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Commissioners