

**ORIGINAL**Decision No. 65499

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 SOUTHERN CALIFORNIA GAS COMPANY for )  
 a general increase in gas rates )  
 under Section 454 of the Public )  
 Utilities Code. }

Application No. 34975

ORDER ON REFUNDS

By second supplemental application filed January 14, 1955 in the above-entitled proceeding, Southern California Gas Company (California Gas) sought increases in its gas rates to produce additional annual gross revenues of \$5,968,000 to offset increases in the cost of out-of-state gas purchased by California Gas from El Paso Natural Gas Company (El Paso). By Decision No. 51359, dated April 19, 1955 in the above-entitled proceeding, this Commission authorized California Gas to increase its gas rates to produce additional annual gross revenues in the total amount sought segregated as shown in the tabulation following based on estimated 1955 sales.

Firm	<u>Class of Service</u>	<u>Authorized Increase Based on Year 1955 Estimated Sales</u>
	General and Commercial	\$3,775,400
	Gas Engine	98,400
	Firm Industrial	<u>491,200</u>
	Total Firm	\$4,365,000
Interruptible		<u>1,603,000</u>
	Total	\$5,968,000

The rates authorized by said Decision No. 51359 were placed into effect generally on May 10, 1955 subject to possible refund depending upon action by the Federal Power Commission (FPC) in Docket G-4769 applying to purchases from El Paso during the period April 15, 1955 to December 31, 1957.

Pursuant to orders of the FPC in Docket G-4769, El Paso by letter dated May 17, 1963, forwarded a refund check to Southern California Gas Company and Southern Counties Gas Company of California in the total amount of \$15,477,916.56 including principal of \$11,110,773.87 and interest thereon computed through May 17, 1963 of \$4,367,142.69. Southern California Gas Company's share of the above total amount is computed to be \$10,860,737.41 of which \$7,797,862.68 is principal and \$3,062,874.73 is interest. In tendering its check, El Paso advised as follows:

"El Paso Natural Gas Company is contesting the validity of the Commission's (FPC) order above referred to and the matter is now pending in the United States Court of Appeals for the Fifth Circuit. El Paso expects to continue to avail itself of all rights and remedies available to it and all are reserved."

On May 21, 1963 by Decision No. 65421 this Commission directed that none of the refund amount received by Southern California Gas Company shall be disbursed to any customer until a refund plan satisfactory to this Commission has been approved by it or until further order of this Commission and that such amount shall accrue interest from the date of their receipt by California Gas at the rate of six percent per annum until refunded to customers.

The Commission has considered the disposition to be made of the amount of \$10,860,737.41, representing Southern California Gas Company's share of the refund check received from El Paso and

finds that the entire amount, namely \$10,860,737.41 plus accrued interest at the rate of six percent per annum from May 20, 1963 to the date of refund to customers, should be refunded to customers. Accordingly, Southern California Gas Company will be required by the order herein to submit a refund plan satisfactory to this Commission to accomplish such a refund to customers. The Commission recognizes that by reason of pending reviews by the United States Court of Appeals for the Fifth Circuit, the FPC orders directing the El Paso refund have not become final and there is a possibility that the company may be required to return to El Paso a portion or all of such refund, with interest thereon. It is reasonable to expect, however, that substantial further refunds may be made by El Paso to the company in the cases now pending before the FPC with respect to periods subsequent to 1957. To avoid loss to the company in the event it is required to return any portion of the present refund to El Paso the company will be permitted to recoup the repayment out of any such subsequent refunds by El Paso, but only upon further order of this Commission. Should there not be available any such subsequent refunds in sufficient amount the Commission may permit the company to surcharge its rates for an appropriate period for the purpose of such recoupment.

Good cause appearing,

IT IS ORDERED that within fifteen days after the receipt of this order Southern California Gas Company shall file with this Commission a refund plan satisfactory to this Commission designed to refund to customers the entire amount of \$10,860,737.41, representing Southern California Gas Company's share of the refund check received from El Paso Natural Gas Company, plus accrued

interest at the rate of six percent per annum from May 20, 1963 to the date of refund to customers and upon further order of this Commission finding such refund plan to be satisfactory to make refunds in accordance with such plan.

The Secretary is directed to cause a certified copy of this order to be served forthwith upon Southern California Gas Company and to cause a copy to be mailed to each appearance of record.

The effective date of this order shall be ten days after the date of such service.

Dated at San Francisco, California, this 28th day of May, 1963.

George L. Grover  
President

Frederick B. Holshoff

William L. Burnett

Commissioners

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.