

**ORIGINAL**

Decision No. 65609

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 ) Application No. 34975  
 under Section 454 of the Public )  
 Utilities Code. )

ORDER DIRECTING REFUNDS TO CUSTOMERS  
IN ACCORDANCE WITH REFUND PLAN

Pursuant to Decision No. 65499, dated May 23, 1963 in the above-entitled proceeding, Southern California Gas Company filed with this Commission on June 14, 1963, a refund plan designed to refund to its customers \$10,860,737.41 plus interest on that amount at the rate of six percent per annum from May 20, 1963 to the date refunds begin. The \$10,860,737.41 amount represents Southern California Gas Company's share of a refund from El Paso Natural Gas Company pursuant to orders of the Federal Power Commission in Docket No. G-4769 and pertains to gas purchased by Southern California Gas Company during the period April 15, 1955 through December 31, 1957.

The refund plan submitted by Southern California Gas Company generally provides for the distribution of the refund to classes of service in the following amounts assuming interest calculated to July 3, 1963:

<u>Class of Service</u>	<u>Amount of Refund*</u>
Firm Natural Gas, Excluding Former Firm Industrial Gas Engine and Former Firm Industrial .....	\$ 6,915,966
Wholesale (Long Beach Municipal Gas Department) ..	1,124,000
Interruptible .....	99,171
Total .....	2,800,155
	<u>10,939,292*</u>

\* Includes interest to July 3, 1963.

The plan filed by Southern California Gas Company generally provides for refunds to each small general service customer in the form of a credit on his bill based upon his May 1963 gas consumption. Such plan further provides for bill credit refunds to each currently active large general service customer and to each currently active firm industrial, gas engine, interruptible and wholesale customer considering his gas usage in the offset rate period. Said offset rate period is May 10, 1955 through December 31, 1957 except for the interruptible class which is May 19, 1955 through December 31, 1957. Refunds to former customers no longer active but included in the large general service, firm industrial, gas engine and interruptible categories, according to the plan, will be made by check mailed to the last known address.

The plan as filed provides that in each case where a former general service customer, who will receive no refund under the refund plan, inquires regarding a refund, and in each case where a present customer contends that the refund he received under the plan is not appropriate, the utility will investigate and make a refund or a refund adjustment wherever appropriate.

The plan as filed also provides:

"If the total amount refunded to customers under this plan, including refunds and refund adjustments made as a result of customer inquiries, exceeds or is less than the total amount received from El Paso Natural Gas Company plus interest to date of refund (Item 1), the difference shall be disposed of by adjusting the total amount of the next subsequent refund."

"The amount of any checks which are returned to the Company and any checks remaining uncashed at the end of one year shall be applied toward defraying the cost of making refunds under this plan."

The Commission has considered the refund plan filed by Southern California Gas Company on June 14, 1963 and finds that:

1. Any difference between the amount allocated for refund to customers and the actual amount refunded, including checks returned or uncashed at the end of six months, should be placed in a suspense account for disposition by supplemental order of this Commission.

2. The refund plan filed by Southern California Gas Company on June 14, 1963, modified to conform with Finding 1 above as set forth in Appendix A hereof, is fair, reasonable, and in the public interest.

3. Southern California Gas Company should give notice in newspapers of general circulation in its service area of the general provisions of the refund plan hereinafter set forth as Appendix A.

4. The Commission should retain continuing jurisdiction in the matter and require appropriate reports to be filed.

5. Southern California Gas Company should be directed to make refunds to customers in accordance with the refund plan attached hereto as Appendix A.

The Commission recognizes that the Federal Power Commission orders directing the El Paso refund have not become final by reason of pending court reviews and that 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. To avoid loss to the company in the event that 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 or, if such subsequent refunds are not available in sufficient amount, by a surcharge of its rates for an appropriate period for the purpose of such recoupment, but only upon further order of this Commission.

Good cause appearing,

IT IS ORDERED that:

1. Within ninety days after the effective date of this order Southern California Gas Company shall refund to customers \$10,860,737.41 plus accrued interest at the rate of six percent per annum from May 20, 1963 to the date refunds begin in accordance with the refund plan attached hereto as Appendix A and made a part hereof.

2. Southern California Gas Company shall give notice in newspapers of wide general circulation to domestic, commercial and other establishments in its service area of:

a. The general provisions of the refund plan hereinafter set forth as Appendix A, within fifteen days after the effective date of this order.

b. The notice hereinafter set forth as Appendix B, five and twenty days, respectively, after making initial refunds to customers as directed herein.

3. Within thirty days after making initial refunds to customers as directed herein, Southern California Gas Company shall file a preliminary written report with this Commission setting forth the total amount refunded to customers segregated by principal classes of service.

4. Within sixty days after making initial refunds to customers as directed herein, and every thirty days thereafter for seven additional months, Southern California Gas Company shall file written reports with this Commission setting forth separately the amount refunded to customers including refunds and refunded adjustments made as a result of customer inquiries, the amount of returned checks and, when applicable, the amount of uncashed checks outstanding six months after the month of their issuance. Such reports shall show such amounts segregated by the principal classes of service.

5. Southern California Gas Company shall inform each recipient of a refund either by transmittal letter or by notation on the bill or check reflecting the refund that:

"This refund is pursuant to an order of the California Public Utilities Commission."

6. The Commission retains continuing jurisdiction in the matter.

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 twenty days after the date hereof.

Dated at San Francisco, California, this 20<sup>th</sup> day of JUNE, 1963.

George G. Traver  
President  
Robert H. ...  
Ernest ...

\_\_\_\_\_  
Commissioners

Commissioner Frederick B. Holoboff, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.

Southern California Gas Company

PLAN FOR REFUNDING TO CUSTOMERS THE \$10,860,737.41 REFUND  
AND INTEREST RECEIVED FROM EL PASO NATURAL GAS COMPANY IN  
FPC DOCKET G-4769 PLUS INTEREST FROM MAY 20, 1963 TO DATE  
OF REFUND TO CUSTOMERS

1. Determination of Total Amount to be Refunded to Customers

Determine total amount to be refunded to customers by adding to the \$10,860,737.41 received from El Paso Natural Gas Company six percent interest on that amount from May 20, 1963 to the date refunds are to begin.

2. Apportionment of Total Refund Among Customer Groups

Divide the total refundable amount (from 1) into two pools, retail and wholesale, in proportion to sales volumes during the G-4769 offset collection period, May 1955-December 1957.

Then divide the retail customers' refund pool among the following customer groups in proportion to the G-4769 offset revenues for the period May 1955 through December 1957, reflecting effect of different Btu rate levels.

- a. Firm Natural Gas Service (Excluding Premises Which Were Formerly Firm Industrial).
- b. Gas Engine Service and Premises Which Were Formerly Firm Industrial.
- c. Interruptible Service (Including Steam-Electric and Cement Plant).

Further divide the refund amount assigned to 2a between:

- d. Customers Who Used 300 Mcf or Less in May 1963, and
- e. Customers Who Used More than 300 Mcf in May 1963, in proportion to May 1963 consumption.

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3. Refunds to Individual Firm Natural Gas Service Customers (Excluding Premises Which Were Formerly Firm Industrial and Premises Which Used Over 300 Mcf in May 1963)
  - a. Develop a unit refund per Mcf of May 1963 consumption by dividing the total dollars refundable to firm natural gas service customers (excluding premises which were formerly firm industrial and premises which used over 300 Mcf in May 1963), (2d), by the total sales to such firm natural gas service customers in May 1963.
  - b. Compute refunds for individual customers by applying the unit refund factor from 3a to each customer's May 1963 consumption.
  - c. Apply each customer's computed refund as a credit on his next monthly bill.
  
4. Refunds with Respect to Firm Natural Gas Service Premises at Which Over 300 Mcf Was Used in May 1963 (Excluding Former Firm Industrial Customers)
  - a. Develop from historical meter sheets the total Mcf consumption during the G-4769 offset collection period May 10, 1955-December 31, 1957 at each such premise.
  - b. Calculate a unit refund factor per Mcf of consumption during the offset collection period by dividing the total amount refundable to this group of customers, (2e), by the aggregate consumption of such customers during the offset collection period, (4a).
  - c. Compute refunds to individual customers by applying the unit refund factor, from 4b, to each customer's total consumption during the offset collection period, from 4a.

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- d. The refunds are to be made to the parties who took service during the G-4769 offset collection period. For customers who are currently active, apply the computed refund as a credit on the customers's next monthly bill; for former customers who are no longer active, mail a refund check to the last-known address.
5. Treatment of Abnormal Cases among Firm Natural Gas Service Customers (Excluding Premises Which Were Formerly Firm Industrial and Premises Which Used Over 300 Mcf in May 1963)
- a. In the case of customers who are active at the time of the refunding but who either were inactive or were not billed for one of a number of reasons in May 1963, the Company proposes to credit each such customer with an estimated refund based upon his current month consumption adjusted to the May level.
  - b. In the case of customers who are active at the time of refunding but whose May bill was prorated for a partial month, the Company proposes to base the refund upon the May partial month usage expanded to a full-month basis.
  - c. In the case of customers who are active but who will not be billed during the refunding period, the Company proposes to mail the customer a notice to the effect that his refund will be credited on his next bill.



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- a. Develop from ledger records the total Mcf consumption during the period May 10, 1955 through December 31, 1957 of each gas engine customer and each premise which was formerly firm industrial.
- b. Develop a unit refund per Mcf of consumption during the G-4769 offset collection period by dividing the total amount refundable to gas engine customers and premises which were formerly firm industrial, (2b), by the total consumption of such customers during the period May 10, 1955 through December 31, 1957.
- c. Compute refunds to individual customers by applying the unit refund factor, from 6b, to each customer's consumption during the offset collection period, from 6a.
- c. For customers who are currently active, apply the computed refund as a credit on the customer's next monthly bill; for former customers who are no longer active, mail a refund check to the last-known address.

7. Refunds to Individual Interruptible Customers

- a. For the interruptible customer group, 2c, calculate for each customer the amount of G-4769 offset revenues for the period May 19, 1955 through December 31, 1957.
- b. Develop the unit refund factor applicable to all interruptible customers by dividing the total amount refundable to interruptible customers (2c) by the total amount of G-4769 offset revenues from

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## 7. (Continued)

## b. (Continued)

interruptible customers for the period May 19, 1955 through December 31, 1957.

c. Compute refunds to individual customers by applying to the calculated amount of offset charges paid by each customer, (7a), the unit refund factor for interruptible customers, (7a).

d. For customers who are currently active, apply the computed refund as a credit on the customer's next monthly bill; for former customers who are no longer active, mail a refund check to the last-known address.

8. Refund to Wholesale Customer

Refund to the Long Beach Municipal Gas Department, as a credit on the July 1963 bill, the portion of the total refundable amount assigned to wholesale in (2).

9. Adjustment of Refunds upon Customer Inquiry

In each case where a former general service customer, who will receive no refund under this refund plan, inquires regarding a refund, and in each case where a present customer contends that the refund he received under this plan is not appropriate, the Company plans to investigate and make a refund or a refund adjustment wherever appropriate. However, it is the Company's intent not to make a refund to a former customer who has received or will receive a full refund for the same class of service from another California gas utility as a result of transferring to that utility's system.

10. Disposition of Any Overrefund or Underrefund

If the total amount refunded to customers under this plan, including refunds and refund adjustments made as a result of customer inquiries, exceeds or is less than the total amount received from El Paso Natural Gas Company plus interest to date of refund (Item 1), the difference shall be placed in a suspense account for disposition by supplemental order of the California Public Utilities Commission.

11. Application of Uncashed Checks

The amount of any checks which are returned to the Company and any checks remaining uncashed at the end of six months shall be placed in a suspense account for disposition by supplemental order of the California Public Utilities Commission.

12. Statements Regarding Refund

Where the refund is credited to the customer's current bill, the total amount of the refund credit will be shown on the bill. Both present customers who receive a refund credit and former customers who receive a refund check will also receive a bill insert which will contain the following statement:

"The Company is making this refund to its customers in accordance with procedures approved by the California Public Utilities Commission."

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(Illustrative Table)

Southern California Gas CompanyDETERMINATION OF AMOUNT TO BE REFUNDED TO CUSTOMERS IN CONNECTION  
WITH EL PASO NATURAL GAS COMPANY'S DOCKET G-4769 REFUND;  
APPORTIONMENT TO CUSTOMER GROUPS; AND  
CALCULATION OF UNIT REFUND FACTORS

1.	Amount of refund received from El Paso, including interest			\$10,860,737.41
2.	Interest on (1) at 6% from May 20 to July 3 (assumed date of refund)			<u>78,554.37</u>
3.	Total amount to be refunded to customers			\$10,939,291.78
4.	Mcf sales during offset collection period, May 10/19, 1955-December 31, 1957:			
	a. To retail customers			727,730,068
	b. To wholesale customer			<u>6,657,646</u>
	c. Total sales			734,387,714
5.	Apportionment of (3) to retail and wholesale:			
	a. Portion of (3) refundable to retail customers (3) x (4a) ÷ (4c)			\$10,840,121
	b. Portion of (3) refundable to wholesale customer (3) x (4b) ÷ (4c)			99,171
6.	Apportionment of (5a) among groups of retail customers in proportion to G-4769 offset revenues during period May 1955-December 1957:			
		<u>G-4769</u>	<u>Per Cent</u>	<u>Allocated</u>
		<u>Offset Revenues</u>	<u>of Total</u>	<u>Amount of</u>
				<u>Refund</u>
	a. Firm Natural Gas, Excluding Former Firm Industrial	\$10,598,112	63.799715%	\$ 6,915,966
	b. Gas Engine and Former Firm Industrial	1,722,431	10.368885	1,124,000
	c. Total Interruptible	4,290,992	25.831400	2,800,155
	d. Total	<u>\$16,611,535</u>	<u>100.000000%</u>	<u>\$10,840,121</u>
7.	Mcf sales during May 1963 to firm natural gas service customers exclusive of former firm industrial customers:			
	a. To customers using 300 Mcf or less in May 1963			.....Mcf
	b. To customers using over 300 Mcf in May 1963			.....
	c. Total sales			<u>.....Mcf</u>
8.	Apportionment of (6a) to customers using 300 Mcf or less in May 1963 and customers using over 300 Mcf in May 1963:			
	a. Customers using 300 Mcf or less in May 1963, (6a) x (7a) ÷ (7c)			\$.....
	b. Customers using over 300 Mcf in May 1963, (6a) x (7b) ÷ (7c)			.....
	c. Total			<u>\$ 6,915,966</u>

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(Continued)

9. Calculation of unit refund to firm natural gas service customers who used 300 Mcf or less in May 1963 (excluding former firm industrial customers), per Mcf of May 1963 consumption:		
a. Total amount to be refunded to this group of customers, from 8a	\$.....	
b. May 1963 consumption of this group of customers, from 7a	.....	Mcf
c. Unit refund per Mcf of May 1963 consumption, (9a) ÷ (9b)	.....	c/Mcf
10. Calculation of unit refund for firm natural gas service premises (excluding former firm industrial customers) which used over 300 Mcf in May 1963:		
a. Total amount to be refunded to this group of customers, from 8b	\$.....	
b. Total consumption of this group of customers during period 5/10/55-12/31/57	.....	Mcf
c. Unit refund per Mcf of consumption during offset collection period, (10a) ÷ (10b)	.....	c/Mcf
11. Calculation of unit refund to gas engine customers and former firm industrial customers, per Mcf of consumption during G-4769 offset collection period:		
a. Amount to be refunded to this group of customers (6b)	\$ 1,124,000	
b. Consumption of this group of customers during period 5/10/55-12/31/57	55,754,199	Mcf
c. Unit refund per Mcf of consumption during offset collection period, (11a) ÷ (11b)	2.016c	/Mcf
12. Calculation of unit refund to interruptible customers, per dollar of G-4769 offset revenue paid:		
a. Total amount to be refunded to interruptible customers (6c)	\$ 2,800,155	
b. Total offset revenues from interruptible customers (6c)	\$ 4,290,992	
c. Unit refund per dollar of offset charges paid, (12a) ÷ (12b)	65.256588c	/

## APPENDIX B

SOUTHERN CALIFORNIA GAS COMPANY  
PUBLIC NOTICE ON GAS REFUNDS  
(Not Less than 3" x 5" in Size)

"Natural Gas Rate Refunds

Pursuant to order of California Public Utilities Commission, Southern California Gas Company is making refunds of moneys received from El Paso Natural Gas Company pursuant to order of Federal Power Commission. Refunds to large customers will be by crediting bill or by check for gas used during the period of April 15, 1955 to December 31, 1957. Small general service customers (residential and commercial) will receive credits on bills rendered during (month), 1963 for a pro rata of the refund for the period April 15, 1955 to December 31, 1957, allocated to such customers in proportion to their own usage during May, 1963. In the event a small general service customer during the period April 15, 1955 to December 31, 1957 is no longer using gas and/or did not receive a credit on current bills or contends the refund received is not appropriate, inquiry may be made to the company at its local office."