

Decision No. 65610**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Application No. 35742

ORDER DIRECTING REFUNDS TO CUSTOMERS  
IN ACCORDANCE WITH REFUND PLAN

Pursuant to Decision No. 65497, dated May 28, 1963, in the above-entitled proceeding, Southern Counties Gas Company of California filed with this Commission on June 17, 1963 a refund plan designed to refund to its customers \$4,617,179.15 plus interest on that amount at the rate of six percent per annum from May 20, 1963 to the date refunds begin. The \$4,617,179.15 amount represents Southern Counties 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 Counties Gas Company during the period April 15, 1955 through December 31, 1957.

The refund plan submitted by Southern Counties Gas Company generally provides for the distribution of the refund to classes of service in the following amounts:

<u>Class of Service</u>	<u>Amount of Refund*</u>
General Service	\$2,394,930.82
Gas Engine	53,559.28
Firm Industrial	162,986.43
Total Firm	<u>\$2,611,476.53</u>
Regular Interruptible	385,534.46
Steam Electric	163,448.14
Wholesale	1,456,720.02
Total	<u>\$4,617,179.15*</u>

\*Interest from May 20, 1963 to date of refund is to be added to determine the ultimate amount to be refunded to customers.

The plan filed by Southern Counties 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 collection period, April 15, 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 Refunds to former customers no longer active but included in the large general service, firm industrial, gas engine and interruptible categories, according to the plan, will be made by check mailed to the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:

"Under this simplified plan, the Company would expect to absorb the cost of the refund, but would expect to partially offset the cost by retaining uncashed checks and unrefundable balances.

"If the amount refunded, including claims or adjustments resulting from customer inquiries, is more or less than the amount received from El Paso Natural Gas Company plus interest from date of receipt, the difference will be carried forward and added to or subtracted from the next subsequent refund."

The Commission has considered the refund plan filed by Southern Counties Gas Company on June 17, 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 Counties Gas Company of California on June 17, 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 Counties Gas Company of California 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 Counties Gas Company of California 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 Counties Gas Company of California shall refund to customers \$4,617,179.15 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 Counties Gas Company of California 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 Counties Gas Company of California 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 Counties Gas Company of California 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 Counties Gas Company of California 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 Counties Gas Company of California 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 21st day of JUNE, 1963.

George G. Trover  
President

[Signature]  
[Signature]

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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.

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SOUTHERN COUNTIES GAS COMPANY

PLAN FOR REFUNDING TO CUSTOMERS THE  
\$4,617,179.15 REFUND AND INTEREST  
RECEIVED FROM EL PASO NATURAL GAS  
COMPANY IN F.P.C. 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

The total amount to be refunded to customers will be determined by adding to the \$4,617,179.15 received from El Paso Natural Gas Company, 6% interest on that amount from May 20, 1963 to date refunds are to begin.

2. Apportionment of Total Refund Among Customer Groups

The total amount refundable (from item 1) will be divided into six pools in proportion to offset collections for each category during the G-4769 offset collection period, April 15, 1955 through December 31, 1957, as follows:

- a. Gas Engine
- b. Firm Industrial
- c. Interruptible
- d. Steam Plant
- e. Wholesale
- f. General Service \*

\* The refund pool for General Service customer (2f) will be further divided, in proportion to May 1963 consumption, between customers who used 300 MCF and less in May, 1963 and customers who used more than 300 MCF in May, 1963.

3. Refunds to Customers Served on Other Than General Service Rate Schedules (2a through 2e)

- a. Calculate a unit of refund per MCF sales by dividing the refund available for each category by the total sales for each during the offset period.
- b. Determine the sales volume for each customer during the offset period.
- c. Compute individual refunds by multiplying the unit refund for the particular category, as determined

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in (a) above, by the volume of gas used by the customer during the offset period.

- d. For customers who are currently active, apply the calculated refund as a credit to the next regular bill; for customers who are no longer active, mail a refund check to the last known address.

4. Refunds to General Service Customers Who Used Over 300 MCF in May, 1963

- a. Determine the sales volume for each customer during the offset collection period.
- b. Calculate a unit of refund per MCF sales by dividing the refund available for this group of customers (2f) by the total sales to this group during the offset collection period (summary of 4a).
- c. Compute individual refunds by multiplying the unit refund (4b) by the customer's total consumption during the offset collection period.
- d. The refunds are to be made to the parties who took service during the offset collection period. For customers who are currently active, apply the calculated refund as a credit to the next regular bill; for customers who are no longer active, mail a refund check to the last known address.

5. Refunds to General Service Customers Who Used 300 MCF or Less in May, 1963

- a. Develop a unit of refund per MCF of May 1963 consumption by dividing the total dollars refundable to this category (2f) by the total May 1963 sales to this category.
- b. Compute refunds for individual customers by applying the unit refund factor from 5a to each customer's May, 1963 consumption.

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- c. Apply each customer's refund as a credit on his next monthly bill.

6. Treatment of Abnormal Cases Among General Service Customers Who Used 300 MCF or Less 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.

7. Customer Notification

The amount of the refund will be shown as a separate item on the bill and the following statement will be printed on the face of the bill:

Bill reflects a refund  
of offset charges as  
ordered by California  
Public Utilities Comm.

This notice will be printed by Company billing equipment at the time of billing. The combination of space available on the bill, plus capacity of the equipment, limits the message to 90 spaces. If the length of the notice exceeds this limitation, a separate printing by an outside firm would be necessary.



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This would substantially increase the cost of the refund and could cause a delay. A separate notice is not feasible because bills are prepared on postal cards.

A similar appropriate statement will be shown on the advice section of checks mailed to inactive customers.

8. 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.

9. Under or Over Refund

If the amount refunded, including claims or adjustments resulting from customer inquiries, is more or less than the amount received from El Paso Natural Gas Company plus interest from date of receipt, the difference will be placed in a suspense account for disposition by supplemental order of the California Public Utilities Commission.

10. 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 will be placed in a suspense account for disposition by supplemental order of the California Public Utilities Commission.

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## SOUTHERN COUNTIES GAS COMPANY

APPORTIONMENT TO CUSTOMER GROUPS OF AMOUNT TO BE REFUNDED IN  
CONNECTION WITH EL PASO NATURAL GAS COMPANY'S DOCKET G-4769 REFUND

1. Amount of refund received from El Paso, including interest \$ 4,617,179.15
2. Apportionment of above amount among groups of customers in proportion to G-4769 offset collections during period May 1955-Dec. 1957 (Note (1)):

<u>Class of Service</u>	<u>Offset Collections</u>	<u>%</u>	<u>Apportionment Among Groups</u>	<u>Mcf</u>	<u>Refund Per Mcf</u>
General Service	\$3,404,557	51.87%	\$2,394,930.82	136,968,690	1.75¢
Gas Engine	75,807	1.16%	53,559.28	3,032,270	1.77¢
Firm Industrial	231,751	3.53%	162,986.43	9,270,030	1.76¢
<u>Total Firm</u>	<u>\$3,712,115</u>	<u>56.56%</u>	<u>\$2,611,476.53</u>	<u>149,270,990</u>	<u>1.75¢</u>
Regular Interruptible					
Sales under 20M	\$ 404,096	6.16%	\$ 284,418.24	31,084,310	.91¢
Sales over 20M	144,151	2.19%	101,116.22	14,415,141	.70¢
<u>Total Reg. Interr.</u>	<u>\$ 548,247</u>	<u>8.35%</u>	<u>\$ 385,534.46</u>	<u>45,499,451</u>	<u>.85¢</u>
Steam Electric	\$ 232,033	3.54%	\$ 163,448.11	22,310,903	.73¢
Wholesale	2,070,529	31.55%	1,456,720.02	82,821,247	1.76¢
<u>Total</u>	<u>\$6,562,924</u>	<u>100.00%</u>	<u>\$4,617,179.15</u>	<u>299,902,491</u>	<u>1.54¢</u>

Note (1) Interest from May 20, 1963 to date of refund to be added to determine ultimate amount to be refunded to customers.

APPENDIX B

SOUTHERN COUNTIES GAS COMPANY

PUBLIC NOTICE ON GAS REFUNDS  
NOT LESS THAN 3"X5" IN SIZE

"Natural Gas Rate Refunds

Pursuant to order of California Public Utilities Commission, Southern Counties Gas Company of California 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."