

Decision No. 66500

**ORIGINAL**

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

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. 38787

In the Matter of the Application of SOUTHERN CALIFORNIA GAS COMPANY for an increase in gas rates under Section 454 of the Public Utilities Code to offset the rate increase granted to applicant's supplier, Pacific Lighting Gas Supply Company, by Decision No. 57598.

Application No. 40647

In the Matter of the Application of SOUTHERN CALIFORNIA GAS COMPANY for an increase in gas rates to offset the rate increase proposed by applicant's supplier, El Paso Natural Gas Company, in Docket No. G-17929 before the Federal Power Commission.

Application No. 40957

In the Matter of the Application of SOUTHERN CALIFORNIA GAS COMPANY for a general increase in gas rates.

Application No. 41860

ORDER DIRECTING REFUNDS TO CUSTOMERS  
IN ACCORDANCE WITH REFUND PLAN

Pursuant to Decision No. 66456, dated December 10, 1963, in the above-entitled proceedings, Southern California Gas Company filed with this Commission on December 16, 1963 a refund plan designed to refund to its customers \$33,704,870.83 plus interest

on that amount from December 10, 1963 to the date refunds begin and in addition an amount of \$381,641 unrefunded to small users of firm natural gas service in the July 1963 refunds. The \$33,704,870.83 amount represents Southern California Gas Company's share of a refund from El Paso Natural Gas Company pursuant to an order of the Federal Power Commission approving the Stipulation and Agreement in Docket Nos. G-4769, G-12948, G-17929 and RP60-3.

Southern California Gas Company has requested the Commission to reconsider its order in Decision No. 66456 with respect to accrual of interest from six percent per annum to the actual interest the utility earns on the \$33,704,870.83 amount from short term investment thereof from December 10, 1963 until refunds to customers begin.

The refund plan submitted by Southern California Gas Company generally provides for the distribution of the \$33,704,871 El Paso refund to classes of service in the following amounts exclusive of interest from December 10, 1963 to the date refunds to customers begin.

<u>Class of Service</u>	<u>Amount of Refund*</u>
Firm natural gas service	\$17,059,710
Gas engine service	279,115
Interruptible	15,031,502
Wholesale (Long Beach Municipal Gas Dept.)	1,334,544
Total	\$33,704,871

\* Interest from December 10, 1963 to the date refunds begin is to be added.

The refund plan filed by Southern California Gas Company is patterned essentially after the plan approved by this Commission under which refunds of over \$10,500,000 have been made by this utility to customers commencing in July 1963. Generally the plan provides for refunds to each small general service customer in the form of a credit on his bill based upon his November 1963 gas

consumption. Such plan further provides for bill credit refunds to each currently active large general service customer and to each currently active gas engine, interruptible and wholesale customer considering his gas usage in each of three offset collection periods (January 1, 1958-July 31, 1959; August 1, 1959-August 24, 1960; August 25, 1960-October 31, 1963). Refunds to former customers no longer active but included in the large general service, 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 firm natural gas 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:

"Returned refunds and uncashed checks shall be applied, to the extent needed or available, to offset the cost incurred by the Company in making the refunds."

The Commission has considered the refund plan filed by Southern California Gas Company on December 16, 1963 and finds that:

1. The disposition of returned refunds and uncashed checks should be left open for determination by supplemental order of this Commission.
2. The total amount to be refunded to customers should include interest at the rate of four percent per annum from December 10, 1963 to the date refunds to customers begin.

3. The refund plan filed by Southern California Gas Company on December 16, 1963, modified to conform with Findings 1 and 2 above as set forth in Appendix A hercof, is fair, reasonable and in the public interest.

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

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

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

IT IS ORDERED that:

1. Within ninety days after the effective date of this order Southern California Gas Company shall refund to customers \$33,704,870.83 plus accrued interest at the rate of four percent per annum from December 10, 1963 to the date refunds begin and an additional amount of \$381,641 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, and every thirty days thereafter for nine additional months, Southern California Gas Company shall file a written report 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.

4. 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."

5. 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 fifteen days after the date hereof.

Dated at San Francisco, California, this 17<sup>th</sup> day of December, 1963.

William W. Bennett  
President  
Everett D. Seage  
George H. Grover  
Fredrick B. Holoboff  
Commissioners

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Southern California Gas Company

PLAN FOR MAKING REFUNDS TO CUSTOMERS AS A RESULT  
OF THE SETTLEMENT OF PENDING RATE CASES  
OF EL PASO NATURAL GAS COMPANY

1. Determine the total amount to be refunded to customers as the sum of the following items:
  - a. The amount of refund and interest received from El Paso Natural Gas Company allocated to Southern California Gas Company for each of the three offset collection periods (i.e., G-12948, January 1, 1958-July 31, 1959; G-17929, August 1, 1959-August 24, 1960; RP60-3, August 25, 1960-October 31, 1963), and
  - b. Interest at the rate of four percent per annum of the amount received from El Paso from date of receipt to the date refunds begin.

2. Apportionment of Total Refund Among Customer Groups

Divide the total refundable amount for each offset collection period (from 1) into two pools, retail and wholesale, in proportion to total sales volumes during each period.

Then apportion the retail customers' refund pool for each offset collection period among the following customer groups in proportion to the ratio of (a) the offset charges related to the particular El Paso rate increase for each customer group, to (b) the total of the offset charges for all customer groups:

- a. Firm Natural Gas Service.
- b. Gas Engine Service.
- c. Interruptible Service (Including Steam-Electric and Cement Plants).

Further apportion the amount of refund assigned to firm gas service, for each period, (2a), between:

- 2.a.1. Premises at which more than 300 Mcf was used in May or November 1963, and
- 2.a.2. All other firm natural gas service customers.

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To accomplish this apportionment, first develop from historical meter sheets the total Mcf consumption during each offset period at each premises where over 300 Mcf was used in May or November 1963 and compute the offset charges for this group. Then apportion the total amount of refund assigned to firm natural gas service for each offset collection period in proportion to the total offset charges collected during that offset period, from (1) premises at which over 300 Mcf was used in May or November, and (2) all other firm natural gas service customers.

3. Refunds to Individual Firm Natural Gas Service Customers (Excluding Premises at which over 300 Mcf was Used in May or November 1963)

- a. Develop a unit refund factor per Mcf of November 1963 billing consumption by dividing the sum of (1) the total amount refundable to firm natural gas service customers (excluding premises at which over 300 Mcf was used in May or November 1963), (2a2), for all three offset periods and (2) \$381,641 of El Paso's Docket G-4769 refund withheld from firm natural gas service customers in July 1963 refunds\*, by the total sales to the "300 Mcf and under" customers in November 1963 billing periods.
- b. Compute refunds for individual customers by applying the unit refund factor from 3a to each customer's November 1963 billing consumption.
- c. Apply each customer's computed refund as a credit on his next monthly bill.

4. Treatment of Abnormal Cases Among Firm Natural Gas Service Customers (Excluding Premises at Which Over 300 Mcf Was Used in May or November 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 November 1963, the Company proposes to credit each such customer with an estimated refund based upon his current month consumption adjusted to the November level.

\* The \$381,641 represents an inadvertent overallocation of El Paso's Docket G-4769 refund to the "over 300 Mcf" group of firm natural gas service customers, with a like underallocation to the "300 Mcf and under" group. Since this amount should have been refunded to the "300 Mcf and Under" group of customers, it is added here to the portion of El Paso's present refund allocated to that group.

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- b. In the case of customers who are active at the time of refunding but whose November 1963 bill was pro-rated for a partial month, the Company proposes to base the refund upon the November 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.
5. Refunds to Firm Natural Gas Service Premises at Which Over 300 Mcf Was Used in May or November 1963
- a. For each customer in this group, calculate: (1) the amount of G-12948 offset charges for the period January 1, 1958 to July 31, 1959, (2) the amount of G-17929 offset charges for the period August 1, 1959 to August 24, 1960, and (3) the amount of RP60-3 offset charges for the period August 25, 1960 to October 31, 1963, by applying the appropriate offset unit charges to the corresponding consumptions.
  - b. Develop, for each of the offset periods, a unit refund factor per dollar of offset charges paid by dividing the total amount refundable to this group, for the particular offset period, 2a1, by the amount of offset revenues from all such premises during that offset period, from 5a.
  - c. Compute refunds to individual customers by applying to the calculated amount of offset revenues, for each period from 5a, the unit refund factor applicable to that period, from 5b. For each customer, add the three amounts together to determine the total refund applicable to the period January 1, 1958 to October 31, 1963.
  - 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.
6. Refunds to Individual Gas Engine Customers
- a. For each gas engine customer, calculate: (1) the amount of G-12948 offset charges for the period January 1, 1958 to July 31, 1959, (2) the amount of G-17929 offset charges for the period August 1, 1959 to August 24, 1960, and (3) the amount of RP60-3 offset charges for the period August 25, 1960 to October 31, 1963, by applying the appropriate offset unit charges to the corresponding consumptions.



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- b. Develop, for each of the offset periods, a unit refund factor per dollar of offset charges paid by dividing the total amount refundable to this group, for the particular offset period, 2b, by the total amount of offset revenues from gas engine customers during that offset period, from 6a.
- c. Compute refunds to individual customers by applying to the calculated amount of offset revenues, for each period, from 6a, the unit refund factor applicable to gas engine customers, for that period, from 6b. For each customer, add the three amounts together to determine the total refund applicable to the period January 1, 1958 to October 31, 1963.
- 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.

7. Refunds to Individual Interruptible Customers

- a. For each interruptible customer, calculate: (1) the amount of G-12948 offset charges for the period January 1, 1958 to July 31, 1959, (2) the amount of G-17929 offset charges for the period August 1, 1959 to August 24, 1960, and (3) the amount of RP60-3 offset charges for the period August 25, 1960 to October 31, 1963, by applying the appropriate offset unit charges to the corresponding consumptions.
- b. Develop, for each of the offset periods, a unit refund factor per dollar of offset charges paid, applicable to all interruptible customers, by dividing the total amount refundable to this group for the particular offset period, 2c, by the total amount of the offset revenues from interruptible customers during that offset period, from 7a.
- c. Compute refunds to individual customers by applying to the calculated amount of offset revenues for each customer for each period, from 7a, the unit refund factor applicable to all interruptible customers for that period, from 7b. For each customer, add the three amounts together to determine the total refunds applicable to the period January 1, 1958 to October 31, 1963.
- 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.

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8. Refund to Wholesale Customer

Refund to the Long Beach Municipal Gas Department, as a credit on the next monthly bill, the portion of the total refundable amount assigned to wholesale in Section 2.

9. Adjustment of Refunds Upon Customer Inquiry

In each case where a former firm natural gas 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. 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 amount to be refunded to customers in Section 1 hereof, 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 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:

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

ILLUSTRATIVE TABLE

Southern California Gas Company

DETERMINATION OF AMOUNT TO BE REFUNDED TO CUSTOMERS IN CONNECTION WITH EL PASO NATURAL GAS COMPANY'S REFUND IN FPC DOCKETS G-12948, G-17929 AND RP60-3; APPORTIONMENT TO CUSTOMER GROUPS; AND CALCULATION OF UNIT REFUND FACTORS

	G-12948 1-1-56 to 7-31-59	G-17929 8-1-59 to 8-24-60	RP60-3 8-25-60 to 10-31-63	Total 1-1-56 to 10-31-63
1. Amount of refund and interest received from El Paso Natural Gas Company allocable to Southern California Gas Company	\$11,351,069.16	\$7,967,100.87	\$14,386,700.80	\$33,704,870.83
2. Interest earned from investment of (1) to date of refund	_____	(Interest to be added)		_____
3. Total amount to be refunded to customers				
4. Net sales during each period:				
a. To retail customers	502,177,423	349,435,802	1,194,636,059	2,046,249,284
b. To wholesale customer	<u>13,330,695</u>	<u>15,616,608</u>	<u>61,116,382</u>	<u>90,063,685</u>
c. Total sales	515,508,118	365,052,410	1,255,752,441	2,136,312,969
5. Apportionment of (3) to retail and wholesale:*				
a. Amount refundable to retail customers, (3) x (4a) + (4c)	\$11,057,538	\$7,626,276	\$13,686,513	\$32,370,327
b. Amount refundable to wholesale customer, (3) x (4b) + (4c)	293,531	340,825	700,188	1,334,544
6. Offset revenues during each period, by customer groups:				
a. Firm natural gas service	\$ 5,307,086	\$6,073,729	\$ 8,766,004	\$20,146,819
b. Gas engine service	92,044	93,608	142,474	328,126
c. Interruptible service	<u>5,463,947</u>	<u>3,455,719</u>	<u>8,621,143</u>	<u>17,540,809</u>
d. Total	\$10,863,077	\$9,623,056	\$17,529,621	\$38,015,754
7. Apportionment of (5a) to customer groups in proportion to offset revenues:*				
a. Firm natural gas service, (5a) x (6a) + (6d)	\$ 5,402,089	\$4,813,433	\$ 6,844,188	\$17,059,710
b. Gas engine service, (5a) x (6b) + (6d)	93,692	74,184	111,239	279,115
c. Interruptible service, (5a) x (6c) + (6d)	5,561,757	2,738,659	6,731,086	15,031,502

\* Will be computed including interest.

	C-12948 <u>1-1-58 to</u> <u>7-31-59</u>	G-17929 <u>8-1-59 to</u> <u>8-24-60</u>	RP60-3 <u>8-25-60 to</u> <u>10-31-63</u>	Total <u>1-1-58 to</u> <u>10-31-63</u>
8. Offset revenues from firm natural gas service customers during each period:				
a. Total				
b. Premises at which more than 300 Mcf was used in May or November 1963				
c. Premises at which 300 Mcf or less was used in May and November 1963, (8a) - (8b)				
9. Apportionment of (7a) to:				
a. "More than 300 Mcf" premises, (7a) x (8b) + (8a)				
b. "300 Mcf or less" premises, (7a) x (8c) + (8a)				
10. Calculation of unit refund factor for firm natural gas service customers who used 300 Mcf or less in May and November 1963:				
a. Total amount to be refunded, (9b) + \$381,641	-	-	-	-
b. Total billing consumption of these customers during November 1963	-	-	-	-
c. Unit refund per Mcf of November 1963 consumption, (10a) + (10b)	-	-	-	-
11. Calculation of unit refund factors for firm natural gas service premises at which more than 300 Mcf was used in May or November 1963:				
a. Total amount to be refunded, (9a)				
b. Total offset revenues from these customers, (8b)				
c. Unit refund per dollar of offset charges paid, (11a) + (11b)				
12. Calculation of unit refund factors for gas engine customers:				
a. Total amount to be refunded, (7b)				
b. Total offset revenues from gas engine customers, (6d)				
c. Unit refund per dollar of offset charges paid, (12a) + (12b)				
13. Calculation of unit refund factors for interruptible customers:				
a. Total amount to be refunded, (7c)				
b. Total offset revenues from interruptible customers, (6d)				
c. Unit refund per dollar of offset charges paid, (13a) + (13b)				

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 are being made by crediting bill or by check for gas used during the period of January 1, 1958 to October 31, 1963. Small general service customers (residential and commercial) are receiving credits on bills rendered during (months) 1964 for a pro rata of the refund for the period January 1, 1958 to October 31, 1963, allocated to such customers in proportion to their own usage in May or in November 1963. In the event a small general service customer during the period January 1, 1958 to October 31, 1963 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. All such inquiries shall be submitted to the company on or before October 1, 1964."