

ORIGINALDecision No. 66501

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

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

Application No. 38211

In the Matter of the Application of)
 SOUTHERN COUNTIES GAS COMPANY OF)
 CALIFORNIA for an increase in gas)
 rates under Section 454 of the Public)
 Utilities Code to offset the higher)
 price to be paid to its supplier,)
 El Paso Natural Gas Company.)

Application No. 40958

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

Application No. 41859

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 Counties Gas Company of California filed with this Commission on December 16, 1963 a refund plan designed to refund to its customers \$17,751,082.60 plus interest on that amount from December 10, 1963 to the date refunds begin. The \$17,751,082.60 amount represents Southern Counties 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 Counties Gas Company of California 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 \$17,751,082.60 amount from short-term investment thereof from December 10, 1963 until refunds to customers begin.

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, exclusive of interest from December 10, 1963 to the date refunds begin.

<u>Class of Service</u>	<u>Amount of Refund*</u>
General Service	\$ 7,135,826.61
Gas Engine	98,711.95
Firm Industrial	483,605.79
Interruptible	2,102,669.76
Steam Plant	3,299,087.35
Wholesale	<u>4,631,181.14</u>
Total	\$17,751,082.60

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

The refund plan filed by Southern Counties Gas Company is patterned essentially after the plan approved by this Commission under which refunds of over \$4,600,000 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, firm industrial, interruptible, steam plant 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, firm industrial, interruptible, steam plant and wholesale 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:

"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 Counties Gas Company of California 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 Counties Gas Company of California on December 16, 1963 modified to conform with Findings 1 and 2 above as set forth in Appendix A hereof, is fair, reasonable, and in the public interest.

4. Southern Counties Gas Company of California 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 Counties Gas Company of California 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 Counties Gas Company of California shall refund to its customers \$17,751,082.60 plus accrued interest at the rate of four percent per annum from December 10, 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, and every thirty days thereafter for nine 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.

4. 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."

5. The Commission retains continuing jurisdiction in the matter.

The Secretary of the Commission 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 fifteen days after the date hereof.

Dated at Sau Francisco, California, this 17th day of December, 1963.

William H. Bennett
President
Carl E. Keage
George T. Hoover
Fredrick B. Haloloff
Commissioners

APPENDIX A

SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA

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

1. Determination of Total Amount to be Refunded to Customers

The total amount to be refunded to customers will be determined by adding the following items:

- a. The amount of refund and interest received from El Paso Natural Gas Company allocated to Southern Counties Gas Company for each of the three offset collection periods (i.e., January 1, 1958 - July 31, 1959; August 1, 1959 - August 24, 1960; August 25, 1960 - October 31, 1963).
- b. Interest at the rate of four percent per annum of amount (1a) from the date it is received until the date refunds begin.

2. Apportionment of Total Refund Among Customer Groups

The amount of each offset collection period (Item 1) will then be divided into six pools in proportion to offset charges collected from each of the following classes of service:

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

*The refund pools for General Service customers (2f) will be further divided between customers using over 300 MCF in November or May 1963 and those using 300 MCF or less.

For those using over 300 MCF in November or May 1963, the total offset collections during each offset collection period will be determined by applying the appropriate offset rate to the recorded consumption. A ratio will then be established between these offset collections and the total General Service offset collections for each period and the refund pools will be divided proportionately between the two.

3. Refunds to Customers Served on Other Than General Service Rate Schedules

The customers served on the following rate schedules are included in this group:

- a. Gas Engine
- b. Firm Industrial
- c. Interruptible
- d. Steam Plant
- e. Wholesale

The amount of refund for customers in each of the above classes of service will be determined as follows:

- a. Calculate the amount of offset charges collected from each customer served for each of the offset collection periods (G-12948, January 1, 1958 to July 31, 1959; G-17929, August 1, 1959 to August 24, 1960; and RP60-3, August 25, 1960 to October 31, 1963) by applying the appropriate offset rate to the recorded consumptions.
- b. The unit refund per dollar of offset charges collected will be determined by dividing the total amount refundable to each class of service for each offset collection period by the amount of offset charges collected from each class of service for each period.
- c. Refunds to individual customers will be computed by multiplying the offset revenues collected for each period by the unit refund determined in "b" above.
- d. Customers who are currently active will receive their refunds as a credit on their next monthly bill. Customers no longer active will receive their refunds in check form mailed to the last known address.

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

- a. Determine the offset collections for each customer during each offset collection period by applying the appropriate offset rate to the recorded consumption.
- b. Calculate a unit of refund per dollar of offset collections for each period by dividing the refund available for this group of customers (2f) by the total offset collections from this group during each of the offset collection periods (summary of 4a).
- c. Compute individual refunds by multiplying the unit refund (4b) by the offset collections from each customer during each 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.
- e. Customers who used over 300 MCF in May 1963 received refunds on the basis of actual consumption for the August 1963 refund. If any of these customers used 300 MCF or less in November 1963, they will still be refunded on an actual use basis.

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

- a. Develop a unit of refund per MCF of November 1963 consumption by dividing the accumulative total dollars from each of the three offset collection periods assignable to this category (2f) by the total November 1963 sales (MCF) for this class of service.
- b. Compute refunds for individual customers by applying the unit refund factor from 5a to each customer's November 1963 consumption.
- 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 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's consumption adjusted to the November level.
- b. In the case of customers who are active at the time of refunding but whose November bills were prorated for a partial month, the Company proposes to base the refunds 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 each 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:

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

This notice will be printed by our 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. 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. Disposition of Any Over-Refund or Under-Refund

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 (Section 1), the difference shall 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 shall be placed in a suspense account for disposition by supplemental order of the California Public Utilities Commission.

Southern Counties Gas Company of California

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

1. Amount of refund received from El Paso, including interest (see note) \$17,751,082.60.
2. Apportionment of above amount among groups of customers in proportion to offset collections.

Docket G-21943 (1/1/58 - 7/31/59)

<u>Class of Service</u>	<u>Offset Collections</u>	<u>%</u>	<u>Apportionment Among Groups</u>
(a) General Service	\$1,993,403	39.92	\$2,093,194.09
(b) Gas Engine	34,879	.70	36,704.30
(c) Firm Industrial	136,722	2.74	143,671.14
Total Firm	<u>\$2,165,004</u>	<u>43.36</u>	<u>\$2,273,569.53</u>
(d) Regular Interruptible	686,377	13.74	720,453.08
(e) Steam Electric	784,783	15.72	824,273.32
(f) Wholesale	<u>1,357,219</u>	<u>27.18</u>	<u>1,425,175.73</u>
Total	<u>\$4,993,323</u>	<u>100.00</u>	<u>\$5,243,472.16</u>

Docket G-17929 (8/1/59 - 8/24/60)

<u>Class of Service</u>	<u>Offset Collections</u>	<u>%</u>	<u>Apportionment Among Groups</u>
(a) General Service	\$2,481,537	47.87	\$1,887,149.23
(b) Gas Engine	27,703	.53	20,893.86
(c) Firm Industrial	145,383	2.80	110,382.66
Total Firm	<u>\$2,654,623</u>	<u>51.20</u>	<u>\$2,018,425.75</u>
(d) Regular Interruptible	669,031	12.90	508,548.67
(e) Steam Electric	458,666	8.85	348,388.04
(f) Wholesale	<u>1,402,119</u>	<u>27.05</u>	<u>1,066,375.32</u>
Total	<u>\$5,184,439</u>	<u>100.00</u>	<u>\$3,942,237.78</u>

Docket RP60-3 (8/25/60 - 10/31/63)

<u>Class of Service</u>	<u>Offset Collections</u>	<u>%</u>	<u>Apportionment Among Groups</u>
(a) General Service	\$ 3,376,101	36.84	\$3,155,483.29
(b) Gas Engine	49,955	.48	41,113.79
(c) Firm Industrial	281,541	2.68	229,551.99
Total Firm	<u>\$ 4,207,597</u>	<u>40.00</u>	<u>\$3,426,149.07</u>
(d) Regular Interruptible	1,073,071	10.20	873,663.01
(e) Steam Electric	2,611,593	24.82	2,125,925.49
(f) Wholesale	<u>2,628,270</u>	<u>24.93</u>	<u>2,139,630.09</u>
Total	<u>\$10,520,531</u>	<u>100.00</u>	<u>\$8,565,372.66</u>

Note: The amounts to be refunded as shown in this table will be adjusted to reflect interest for the period between date of receipt by the Company of funds from El Paso and the date refunds to customers begin.

APPENDIX B

SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA

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 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 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."