

**ORIGINAL**

Decision No. \_\_\_\_\_

86559

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
PACIFIC GAS AND ELECTRIC COMPANY for  
an order of the Commission authorizing  
applicant to increase its present  
rates and charges for natural gas  
service in the manner and to the  
extent herein set forth.

Application No. 36635

In the Matter of the Application of  
PACIFIC GAS AND ELECTRIC COMPANY for  
authority, among other things, to  
remove the \$2.00 ceiling from the fuel  
oil escalator clause in certain of its  
interruptible gas rate tariff  
schedules.

Application No. 38668

In the Matter of the Application of  
PACIFIC GAS AND ELECTRIC COMPANY, a  
corporation, for an order granting,  
among other things, authority to  
increase certain of its rates and  
charges for natural gas to offset an  
increase in the cost of gas purchased  
from the El Paso Natural Gas Company.  
(Gas)

Application No. 40926

In the Matter of the Application of  
PACIFIC GAS AND ELECTRIC COMPANY for  
authority, among other things, to  
increase its rates and charges for  
gas service.  
(Gas)

Application No. 42225

ORDER DIRECTING REFUNDS TO CUSTOMERS  
IN ACCORDANCE WITH REFUND PLAN

Pacific Gas and Electric Company filed with this Commission on December 17, 1963 a refund plan designed to refund to its customers approximately \$43,052,000 determined as follows:

- (a) The amount of \$44,895,784.69 received on December 10, 1963 by Pacific Gas and Electric Company 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.
- (b) Plus the additional refund and interest thereon ordered by Commission Resolution G-1191 in the amount of \$703,072, with interest computed to February 3, 1964.
- (c) Less the refund from El Paso Natural Gas Company applicable to the net volume of El Paso gas stored underground with related cost in the amount of \$646,600.
- (d) Less the refund from El Paso Natural Gas Company applicable to prepaid gas in the amount of \$1,230,998.
- (e) Plus an amount (for service furnished subsequent to October 31, 1963) equal to the estimated difference between revenues billed and revenues at rates made effective for meter readings taken on and after December 30, 1963. (Estimated at \$419,117.)
- (f) Plus interest of \$257,857 computed at four percent per annum on the net amount of Items (a), (c), (d) and (e), as determined above from December 10, 1963 to February 3, 1964.
- (g) Less an amount of \$1,346,718 designated interruptible service optional adjustment.

By letter dated December 26, 1963, applicant modified the refund plan which will cause the amount of \$1,346,718 designated interruptible service optional adjustment, Item (g) above, not to be retained by Pacific Gas and Electric Company but instead to be refunded to the other classes of service, spread among them in accordance with the principles described in the refund plan.

The modified refund plan submitted by Pacific Gas and Electric Company generally provides for the distribution of the refund to classes of service in the following amounts considering interest calculated to February 3, 1964.

<u>Class of Service</u>	<u>Amount of Refund*</u>
General	\$ 21,838,784
Gas Engine	1,937
Resale	531,716
Firm Industrial	1,687,187
Interruptible	11,295,216
Steam Electric	8,935,319
Steam Heat	84,708
Interdepartment, Other	<u>21,673</u>
Total	\$ 44,396,540

\*Includes interest to February 3, 1964.

Pacific Gas and Electric Company has requested that the rate of interest from December 10, 1963 to the date refunds to customers begin be four percent rather than six percent directed by Decision No. 56455, dated December 10, 1963.

The modified refund plan filed by Pacific Gas and Electric Company generally provides for refunds to each small general service customer of record on meter reading dates in December 1963 in

the form of a credit on his bill based upon his usage during the meter readings of the September through December 1963 billing periods. Such plan further provides for refunds by check or by bill credit to each large general service, gas engine, resale, firm industrial, and interruptible customer considering his usage for each of the three offset periods extending from January 1, 1958 through December 29, 1963.

The plan as filed provides that in each case where prior to October 1, 1964 a former general service customer, who will receive no refund under the refund plan, inquires regarding a refund, and in each case where prior to October 1, 1964 a present customer contends that the refund he received under the refund plan is not appropriate, the utility will investigate and make a refund or a refund adjustment wherever appropriate.

The plan further provides for a notice to each recipient of a refund including the statement:

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

Further, the plan calls for giving notice of the refund plan in newspapers of wide general circulation to domestic, commercial and other establishments in the utility's service area as was done concerning the prior refunds commencing in July 1963.

The Commission has considered the refund plan filed by Pacific Gas and Electric Company on December 17, 1963 as modified by letter dated December 26, 1963 and finds that:

1. A rate of interest of four percent per annum on the El Paso refund from December 10, 1963 to the date refunds to customers begin is reasonable.

2. The refund plan filed by Pacific Gas and Electric Company on December 17, 1963 as modified by letter dated December 26, 1963 as set forth in Appendix A hereof is fair, reasonable and in the public interest.

3. Pacific Gas and Electric Company should give notice in newspapers of wide general circulation in its service area of the general provisions of the refund plan in accordance with Item 9 of Appendix A.

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

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

6. The amount refunded to the electric and steam heat departments pursuant to Decision No. 65611 and to this decision should be refunded to customers in a manner satisfactory to this Commission.

IT IS ORDERED that:

1. Within ninety days after the effective date of this order, Pacific Gas and Electric Company shall refund to customers, in

accordance with the refund plan attached hereto as Appendix A and made a part hereof, the total amount developed in Item 3 of Appendix A hereof.

2. Pacific Gas and Electric Company shall give notice in newspapers of wide general circulation to domestic, commercial and other establishments in its service area as detailed in Item 9 of Appendix A hereof.

3. Within thirty days after making initial refunds to customers as directed herein, and every thirty days thereafter for nine additional months, Pacific Gas and Electric 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.

4. Pacific Gas and Electric 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. Within fifteen days after the effective date of this order, Pacific Gas and Electric Company shall file with this Commission, a refund plan designed to refund to customers the entire amount refunded to the electric and steam heat departments under Decision No. 65611 and under this decision, plus interest at the rate of four percent per annum from the date interest was terminated on gas department refunds to the date of refund to customers. Upon approval by this Commission of such refund plan Pacific Gas and Electric Company shall make refunds in accordance with such plan.

6. 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 Pacific Gas and Electric 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 27<sup>th</sup> day of December, 1963.

William M. Bennett  
President  
Ernest W. Rogers  
George L. Hoover

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

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

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Pacific Gas and Electric Company

PLAN FOR REFUND TO GAS SERVICE CUSTOMERS  
RELATED TO COST OF GAS PURCHASED FROM  
EL PASO NATURAL GAS COMPANY FROM  
JANUARY 1, 1958 to OCTOBER 31, 1963

1. Purpose

The purpose of this plan is to refund to customers of Pacific Gas and Electric Company's Gas Department the refunds from El Paso Natural Gas Company pertaining to gas purchased by Pacific Gas and Electric Company during the three offset periods between January 1, 1958 and October 31, 1963 and sold to its customers at rates including offset charges between January 1, 1958 and December 29, 1963.

2. Definitions

Offset Period. Each of the three periods listed below is referred to herein as an offset period:

<u>Period</u>	<u>Docket</u>	<u>From</u>	<u>To</u>
A	G-12948	January 1, 1958	July 31, 1959
B	G-17929	August 1, 1959	August 24, 1960
C	RP60-3	August 25, 1960	December 29, 1963

Current Record Period. The period beginning with Serial 1 meter readings of the September 1963 billing period and ending with Serial 21 meter readings of the December 1963 billing period.

Refund Month. Month in which the refunds are generally credited to customer's bills.

Large General Service Customer. Any general service customer who used 400 Mcg (4,000 Ccf) or more during the current record period, or who during said period had a monthly minimum charge in excess of the commodity charge for the first 200 cubic feet or who was a large general service customer in the refund plan ordered by Decision No. 65611 in Application No. 36635.

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Small General Service Customer. Any general service customer during the current record period other than a large general service customer.

3. Total Amount to be Refunded for the Offset Period

The refund amount allocated for each offset period will be equal to:

- a. The amount of refund and interest received on December 10, 1963 by Pacific Gas and Electric Company from El Paso Natural Gas Company for each offset period.
- b. Plus the additional refund and interest thereon as ordered by Resolution G-1191. This item shall be allocated to Offset Period C.
- c. Less the refund from El Paso applicable to the net volume of El Paso gas stored underground with related cost recorded under Balance Sheet Account No. 117 - Gas Stored Underground - NonCurrent or Account No. 164 - Gas Stored Underground - Current, as applicable. This item shall be calculated for each offset period.
- d. Less the refund from El Paso applicable to prepaid gas. This item shall be calculated for Offset Period C.
- e. Plus an amount (for service furnished subsequent to October 31, 1963) equal to the estimated difference between revenues billed and revenues at rates made effective for meter readings taken on and after December 30, 1963. This item shall be allocated to Offset Period C.
- f. Plus interest computed at 4.0% per year on the net amount of Items a, c, d, and e, as determined above from the date the El Paso refund is received to the date refunds are to begin.

4. Allocation of Refund

- a. In determining the allocation of refunds to customers, all sales shall be converted to a nominal 1100 Btu/cu.ft. base. Quantities sold under schedules based on nominal Btu content other than 1100 Btu/cu.ft. will be reduced or increased by the appropriate percentage for the effective schedule in accordance with the Company's Rule 2(c) Sheet Nos. 4948-G and 5862-G in effect during the offset periods. Refunds to individual customers will be determined in accordance with Section 4.d.

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- b. The increases in offset charges for base rates at 1100 Btu are as follows for each of the three offset periods:

Class of Service	Increase in Cents per Mcf			
	Period A	Period B	Period C	
	1--1-58 to 7-31-59	8--1-59 to 8-24-60	8-25-60 to 1-30-63	1-31-63 to 12-29-63
All firm service	1.96¢	4.95¢(1)	1.864¢	0.678¢
Interruptible Service				
1st 10,000 Mcf/Mo.	1.96	4.95	1.864	0.678
Next 90,000 Mcf/Mo.	1.96	-	1.864	0.678
Over 100,000 Mcf/Mo.	1.96	-	1.864(2)	0.678(2)
Steam Electric	1.96	-	1.864	0.678

- (1) 2.8¢/Mcf of demand on Schedule G-62.  
 (2) Less optional adjustment of 1.364¢ or 0.178¢ (effective 4-21-61 and 1-31-63, respectively) on Schedules G-50, 53, 56, 57, 58 and 59.

- c. In determining the allocation of refunds to each of the above listed classes of service the following calculations shall be made:

- (1) Offset Period A. The total adjusted amount of refund for Offset Period A as determined in Section 3 above shall be divided by the volume of gas (converted to 1100 Btu) sold during said offset period. The quotient so obtained shall be the base refund rate applicable to all sales of each class.
- (2) Offset Period B. The ratio of the total amount of adjusted refund as determined in Section 3 above to the total amount of offset charges billed in the offset period shall be determined. The amount of refund allocable to customers supplied on Schedule G-62 shall be equal to said ratio times the offset charges billed each customer on such schedule. The remainder of the adjusted refund shall then be divided by the volume of gas, converted to 1100 Btu, less sales on Schedule G-62, to which offset charges applied during the offset period. The quotient so obtained shall be the base refund rate per Mcf for natural gas sales of each class.

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- (3) Offset Period C. The total adjusted amount of refund for the offset period shall be allocated to the sub-period August 25, 1960 to January 30, 1963 and to the sub-period January 31, 1963 to December 29, 1963 in proportion to the total offset revenues billed at the respective offset rates plus the optional adjustment in each sub-period. The amounts so allocated in each sub-period shall be divided by the volumes of gas (converted to 1100 Btu) billed at the respective offset rates during each sub-period excluding, however, sales to which the optional adjustments applied.

If the quotients are equal to or less than the optional adjustment rates, then said quotients shall be the refund rates applicable to all sales except those sales to which the optional adjustments apply. If the quotients exceed the optional adjustment rates of 1.364 cents per Mcf or 0.178 cents per Mcf in each sub-period, respectively, then the refund rate for each sub-period shall be determined as follows:

- (a) Multiply the sales excluding the sales subject to the optional adjustment by the optional adjustment rate.
- (b) Deduct the product of the calculation in (a) from the amount to be refunded.
- (c) Divide the remainder as determined in (b) by the total sales to which offset charges applied.
- (d) The quotient so obtained shall be the refund rate for those sales to which the optional adjustments applied.
- (e) The quotient so obtained plus the optional adjustment rate shall be the refund rate for all other sales.

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- d. Refunds to customers will be allocated as follows:
- (1) To each firm industrial, gas engine, resale, and interruptible customer, and to each "large general service customer" the refund will be equal to the Mcf used by that customer in each offset period times the appropriate refund rate or rates per Mcf, provided that no refund will be made which would result in reducing any amount billed below the applicable monthly or annual minimum charge and provided further that in the event of a change of customer at any location the refund will be made to the customer or customers of record in the offset period.
  - (2) For each general service customer of record on his regular meter reading date in the last month of the "current record period" the volume of gas used during the "current record period" will be determined. For each such customer having had service for less than the full "current record period", the volume of gas used will be adjusted to the basis of the full "current record period". The rate of refund for "small general service customers" in cents per Mcf will be determined by dividing the dollars of refund allocated to general service customers by the total adjusted Mcf of sales to such customers for the "current record period". The refund to each such eligible "small general service customer" will be equal to the Mcf for that customer (adjusted if appropriate) for the "current record period" times the applicable calculated rate of refund per Mcf.

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5. Credit and Payment of Refunds

Refunds will be made as soon as practicable after approval of this refund plan by the CPUC. Refunds to "small general service customers" will be shown as a credit on the customer's bill and designated "Gas Refund Credit" in line with the amount of refund shown on the bill. Refunds to firm industrial, gas engine, resale, interruptible and "large general service customers" will be made by check or by credit to the customer's account.<sup>1</sup> An insert advising the customer regarding the refund will be enclosed in the envelope containing the bill or check.

6. Adjustment of Refunds upon Customer Inquiry

In each case where prior to October 1, 1964 a former general service customer, who will receive no refund under this refund plan, inquires regarding a refund, and in each case prior to October 1, 1964 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.

7. Cost of Making Refund

The plan proposed herein is designed to keep costs of refunding as low as possible by using simplified methods where the refund to individual small general service customers is so small that the loss in accuracy will mean minor departures from the results which would be achieved by more elaborate methods involving disproportionate expense in calculating the refunds and in locating

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<sup>1</sup> Refund to be by check if such customer so requests.

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customers. Any difference between the amount allocated for refund to customers and the actual amount refunded including checks 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.

8. Statements Regarding Refund

Each recipient of a refund will receive a notice including the statement:

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

9. Public Notice

Pacific Gas and Electric Company will give notice in newspapers of wide general circulation to domestic, commercial and other establishments in its service area of:

- a. The general provisions of this refund plan within fifteen days after its authorization by the Commission.
- b. The notice below, five and twenty days, respectively, after making initial refunds to customers:

PACIFIC GAS AND ELECTRIC 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, Pacific Gas and Electric 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 January 1, 1958 to December 29, 1963. Small general service customers (residential and commercial) will receive credits on bills rendered during February 1964 for a pro rata of the refund for the period January 1, 1958 to December 29, 1963, allocated to such customers in proportion to their own usage from September through December 1963. In the event a small general service customer during the period January 1, 1958 to December 29, 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."

TABLE A

PACIFIC GAS AND ELECTRIC COMPANY  
REFUNDS TO NATURAL GAS CUSTOMERS  
SUMMARY BY CLASSES OF SERVICE  
DOCKETS G-12948, G-17929, RP60-3

<u>Class of Service</u>	<u>G-12948</u>	<u>G-17929</u>	<u>RP60-3</u>		<u>Total</u>	
	<u>1-1-58 to</u> <u>7-31-59</u>	<u>8-1-59 to</u> <u>8-24-60</u>	<u>8-25-60 to</u> <u>1-30-63</u>	<u>1-31-63 to</u> <u>12-29-63</u>	<u>8-25-60 to</u> <u>12-29-63</u>	<u>1-1-58 to</u> <u>12-29-63</u>
1. General Service	\$ 5,921,785	\$ 7,441,978	\$ 7,511,012	\$ 964,009	\$ 8,475,021	\$21,838,784
2. Firm Industrial	502,907	591,432	520,777	72,071	592,848	1,687,187
3. Gas Engine	320	631	868	118	986	1,937
4. Resale	145,441	181,724	179,245	25,306	204,551	531,716
5. Interruptible	4,682,284	1,876,322	4,053,065	683,545	4,736,610	11,295,216
6. Steam Electric	2,832,608	-	5,338,023	764,688	6,102,711	8,935,319
7. Steam Heat	32,614	12,097	34,949	5,048	33,997	84,708
8. Interdepartment "Other"	6,418	7,789	6,691	775	7,466	21,673
9. Total	\$14,124,377	\$10,111,973	\$17,644,630	\$2,515,560	\$20,167,190	\$44,396,540

TABLE B

PACIFIC GAS AND ELECTRIC COMPANY  
REFUNDS TO NATURAL GAS CUSTOMERS  
WITH REFUND TO PG&E OF \$44,895,784.69  
DOCKETS G-12948, G-17929, & RP60-3

<u>Item</u> (1)	<u>G-12948</u> 1-1-58 to 7-31-59 (2)	<u>G-17929</u> 8-1-59 to 8-24-60 (3)	<u>RP60-3</u> 8-25-60 to 12-29-63 (4)	<u>Total</u> 1-1-58 to 12-29-63 (5)	<u>Reference</u>
1. Refund from El Paso Nat. Gas	\$14,079,136.35	\$10,222,573.85	\$20,594,074.49	\$44,895,784.69	Refund data from EPNG
2. Amount to be Refunded					Section of Refund Plan
3. Refund from EPNG(rounded)	14,079,136	10,222,574	20,594,075	44,895,785	3 a
4. Add'l Refund per Res. G-1191	-	-	703,072	703,072	3 b
5. El Paso Gas-Acct. 117	19,797*	173,469*	85,314*	278,580*	3 c
6. El Paso Gas-Acct. 164	20,954*	4,464	351,530*	368,020*	3 c
7. El Paso Gas-Prepaid	-	-	1,230,998*	1,230,998*	3 d
8. Over collection, Nov. & Dec. '63 ( )	-	-	419,117	419,117	3 e
9. Subtotal	14,038,385	10,053,569	20,048,422	44,140,376	
10. Interest to 2-3-64	83,336	59,681	114,840	257,857	3 f
11. Total Adjusted Refund	\$14,121,721	\$10,113,250	\$20,163,262	\$44,398,233	

Note (a) Estimated  
\* Denotes negative