

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Energy BranchRESOLUTION G-2752  
November 25, 1987R E S O L U T I O N

SOUTHERN CALIFORNIA GAS COMPANY (SoCal Gas), ORDER  
AUTHORIZING IMPLEMENTATION OF A GAS REFUND PLAN OF  
APPROXIMATELY \$25,548,023 INCLUDING APPROPRIATE INTEREST.

SUMMARY

By letter dated October 21, 1987, SoCal Gas submitted a proposed refund plan, applicable systemwide, in order to flow through to it's customers refunds from Transwestern Pipeline Company, El Paso Natural Gas Company, Pacific Gas and Electric Company and various California Producers.

BACKGROUND

1. These refunds were received by SoCal Gas as a result of the Federal Energy Regulatory Commission's (FERC) Opinion No. 218 denying Transwestern-Wesco's request to amortize the financing cost of their abandoned coal gasification project and Orders 399 and 399-A. Orders 399 and 399-A implemented a U.S. Circuit Court of Appeals Decision which had overturned FERC Orders 93 and 93-A requiring that Btu content measured under standard test conditions (saturated with water vapor) be adjusted to actual delivery conditions before determining the maximum lawful prices for first sales.
2. The court of Appeals found it more logical to assume that Congress meant to fix the Natural Gas Policy Act (NGPA) ceiling prices based on the "wet" method of measuring Btus, the only method with which it was likely to have been familiar at the time of NGPA enactment.

DISCUSSION

1. This refund plan is very similar to the refund plan authorized by the Commission in Resolution No. G-2660 for refunds made by SoCal Gas in December 1985. A refund at this time will provide a slight reduction in customer bills during a winter month when usage is generally higher.

In addition, the plan is structured so that refunds will be completed by the end of the year in order to relieve a potential tax liability that would arise if the refunds were to extend beyond 1987.

2. All amounts to be refunded will reflect interest at the variable rate compounded monthly as provided in Decision No. 91269 and SoCal Gas Rule No. 8, up to the date refunds are made. The total refundable amount through October 1, 1987, including estimated interest through December 15, 1987 is \$25,548,023.

3. Under this plan, refunds will be made in December 1987, at which time additional accrued interest will be included in the ultimate refund amount. All refunds received from suppliers prior to November 1, 1987 and not previously refunded have been included under this plan.

4. SoCal Gas reports that there is a balance of approximately \$1.5 million remaining undistributed from five previous refund plans. SoCal Gas does not propose to distribute those funds until any possible conflict with Cory vs. CPUC 33 C.3d 522 (1983) has been resolved.

5. The refund amount primarily reflects overcollections by SoCal's suppliers for a time period between 1977 and 1983. A summary of the refund amounts received and payable (as of 10/31/87) is set forth as Attachment A to this resolution. Allocation of the refundable amounts to the respective classes of service is shown as Attachment B to this resolution.

6. The allocation of refundable amounts to each class of service, is based on therm sales to that class during one basic time period of June 1, 1977 through July 31, 1983.

7. Refunds to residential and other Priority 1 customers will be made only to those who are customers of record during the October 1987 billing period and will be calculated based on the sales to each customer during the twelve-month period ending July 31, 1983, or portion thereof. Their refund will be calculated based upon the refund rate per therm times the therm sales to each such customer during the period.

8. Refunds to other non-residential customers will be based upon a refund rate per therm times the therm sales billed to each customer during the full refund period (June 1977-July 1983). This rate is developed for each rate schedule excluding Utility Electric Generation (UEG) and Wholesale by dividing the total refundable amount by the total therm sales for that period.

9. Rate calculations of refundable amounts will be adjusted to provide for an amount sufficient for refund adjustments upon inquiry. Based upon recent historical data, this contingency fund has been determined to be approximately 0.2% of the total refundable amount.

10. Refunds to eligible residential customers will be reflected as a credit to their December 1987 bill. Refund checks will be mailed to eligible former P-2, P-3 and P-4 commercial and/or industrial customers at the customer's last address of record. The staff recommends that SoCal be ordered to make reasonable efforts to locate those customers whose refunds are unclaimed.

11. It is not contemplated that former residential and other Priority 1 customers be sent refund checks to their last address of record. However, SoCal will evaluate all requests from customers or former customers, through May 30, 1988, who either did not receive a refund or who contend that the refund received was inadequate. Adjustments will be made where deemed appropriate.

12. The utility estimates that the average residential customer using 690 therms of gas over the twelve-month period ending July 31, 1983 will receive a credit of \$2.19 on the December, 1987 bill.

13. Before and after the actual refunds, SoCal will publish notices in newspapers throughout its service territory that a refund is to be, or has been, made and that persons who believe they are entitled to a refund but who did not receive one may contact the nearest SoCal Gas office and have the matter reviewed. SoCal Gas will carefully review each claim and make a refund where it appropriate to do so. Both active customers who receive a refund credit, and former customers who receive a refund check, will be notified that the refund is being made pursuant to an order of the Commission.

14. Copies of this proposed refund plan have been sent by SoCal Gas to interested parties, other utilities and wholesale customers.

#### FINDINGS

1. This refund plan has been reviewed by the Commission Advisory & Compliance Division (CACD) and the Legal Division of the Commission staff and approval is recommended.


2. We find that this refund plan is just and reasonable and in the best interest of the customers and should be implemented in an expeditious manner. We further find that the CACD staff's recommendations concerning efforts to locate former customers should be adopted.

**THEREFORE:**

1. Southern California Gas Company is authorized under Section 453.5 of the Public Utilities Code to implement the above refund plan, as submitted, for the December 1987 billing cycle.
2. Southern California Gas Company shall make reasonable efforts to locate former customers in accordance with Paragraph No. 10 above.
3. Southern California Gas Company shall keep records of the refunds and shall submit a report to the Chief of the Energy Branch, Commission Advisory & Compliance Division of any amounts unrefunded by June 30, 1988. The report shall include the amount of unclaimed refunds and the methods and results of the efforts made to locate former customers.
4. The above refund plan shall show that it was approved for filing and implementation by Commission Resolution G-2752. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on November 25, 1987. The following Commissioners approved it:

STANLEY W. HULETT  
President  
DONALD VIAL  
FREDERICK R. DUDA  
G. MITCHELL WILK  
JOHN B. OHANIAN  
Commissioners

  
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Executive Director

Attachments: A. Summary of Refund Amounts  
B. Allocation of Refund Amounts

Resolution G-2752  
Attachment A

Summary of Refund Amounts Received and Payable  
(as of October 31, 1987)

| <u>Source and FERC Docket<br/>and Period Covered</u> | <u>Amount</u>    |                   |
|--|------------------|-------------------|
|  | <u>Received</u>  | <u>Refundable</u> |
| <u>El Paso Natural Gas Co.</u>                       |                  |                   |
| RH84-6-000-001<br>10/1/81 thru 7/31/83               | \$ 1,319,097.42  | \$ 1,434,901.35   |
| <u>Transwestern Pipeline Co.</u>                     |                  |                   |
| RP77-19, RP78-88<br>6/77 thru 2/82                   | 13,691,320.07    | 16,823,188.24     |
| RH84-6, RP84-88<br>12/1/78 thru 8/9/83               | 1,055,388.38     | 1,144,941.72      |
| <u>Pacific Gas and<br/>Electric Company</u>          |                  |                   |
| RH84-6-000<br>10/1/81 thru 7/31/83                   | 893,747.36       | 1,008,296.19      |
| <u>Pacific Interstate<br/>Transmission Co.</u>       |                  |                   |
| RP81-47<br>10/1/81 thru 7/31/83                      | 5,010,935.00     | 5,086,267.39      |
| <u>Other</u>   |                  |                   |
| <u>California Producers</u>                          |                  |                   |
| RH84-6-000<br>10/1/81 thru 7/31/83                   | <u>43,837.19</u> | <u>50,429.06</u>  |
| Total  | \$22,014,325.42  | \$25,548,023.95   |

Allocation of Refund Amounts  
by Customer Class

| <u>Class of Service</u> | <u>Therm Sales<br/>June 1977 - July 1983</u> | <u>Total Refund<br/>per Class</u> |
|-------------------------|--|-----------------------------------|
| Residential             | 2,394,722,355                                | \$ 8,359,102                      |
| Non-Residential         |  |                                   |
| GN-1                    | 826,528,186                                  | 2,973,883                         |
| GN-2                    | 3,366,578,311                                | 1,582,832                         |
| GN-3                    | 5,907,654,576                                | 2,779,548                         |
| GN-4                    | 1,417,887,219                                | 667,398                           |
| GN-5                    | 13,184,993,044                               | 6,188,126                         |
| G-60 <u>1/</u>          | 1,303,037,120                                | 611,395                           |
| G-61 <u>2/</u>          | <u>5,084,612,990</u>                         | <u>2,385,739</u>                  |
| Total                   | 33,486,013,801                               | \$25,548,023*                     |

Based on the refund factor of 00.348 cents per therm, (residential dollars ÷ residential sales) the average residential refund is estimated to be approximately \$2.40 for those customers using an average of 690 therms over the twelve-month period.

\*The Total refund amount includes an approximate 0.2% contingency for refund adjustment.

1/ City of Long Beach

2/ San Diego Gas & Electric Company