

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-2906
February 23, 1990

R E S O L U T I O N

RESOLUTION G-2906. SOUTHWEST GAS CORPORATION AUTHORIZED
TO IMPLEMENT A REFUND PLAN.

BY LETTER FILED ON NOVEMBER 29, 1989.

SUMMARY

1. By letter dated November 27, 1989 and filed November 29, 1989, Southwest Gas Corporation (SoWest) requests authority to refund overcollections in its Purchased Gas Adjustment (PGA) balancing account to customers in its Mojave Division. This overcollection is the result of refunds to SoWest from Pacific Gas and Electric Company (PG&E) resulting from Commission Decision 87-12-039, and Southern California Gas Company's (SoCal's) refund of overcollections in SoCal's Ammonia Producer Surcharge Balancing Account.
2. The refund would average \$58 per customer and would be made as a credit to each customer's bill, except for five large customers who will receive individually computed refund payments.
3. This Resolution grants SoWest's request.

BACKGROUND

1. The proposed refund would return to the ratepayers amounts received from PG&E and SoCal, plus accrued interest, now credited to SoWest's PGA balancing account. The refund amount is shown below:

Pacific Gas and Electric Company	\$5,581,329
Southern California Gas Company	21,098
Accrued interest (approximate)	<u>709,087</u>
Total	\$6,311,514

2. Most of the refund amount, \$6,295,794, would be distributed directly to customers in SoWest's Mojave Division. A contingency fund equal to 0.25% of the refund, or \$15,720, would be held for missed customers.

3. Most of SoWest's Mojave Division customers in San Bernardino County are residential customers or other small users of natural gas. The proposed refund to these customers would be based on consumption of natural gas for the 12 month period ending December 31, 1989. For five large customers, the refunds would be based upon recorded consumption during the period when the funds were accruing into the PGA balancing account.

DISCUSSION

1. The proposed refund would be credited to each customer's bill, except for five large volume customers who would be paid by check. All refunds to present customers would be made within sixty days. Customers who receive their refund as a credit to a monthly bill would have the following message on their bill:

"Pursuant to an order of the California Public Utilities Commission a rate refund is due, based on usage during the twelve months ended December 31, 1989. The credit appears as a separate line item on this bill."

2. Except for the five large volume customers, the proposed refund would be computed by multiplying the therms used during the twelve month period by a factor \$0.09091. The average refund is expected to be approximately \$58. SoWest wants to disburse the refund during the winter as a credit to customer's bills because of the size of the refund.

3. Customer's winter bills for gas may be less than the refund. Thus, individual customers may have a credit balance for one or more months. If the refund is deferred, then customers may have credit balances extending into the spring and summer. Interest is not added to customers' credit balances. To the extent that customers have credit balances, they lose the benefit of interest on their refund. The alternative of making refund payments to customers would increase administrative costs and increase the potential for lost refunds.

4. SoWest is proposing creation of a contingency fund, equal to 0.25% of the amount to be refunded, to compensate former customers who were not customers of record during the 12 month period ending December 31, 1989.

5. SoWest will attempt to contact former customers by publication of a notice to customers in newspapers serving the service area.

6. SoWest will consider, evaluate and respond to inquiries from customers as to the computation of the refund received, and from former customers who did not receive a refund for a six-month period following Commission approval of the refund plan.

7. Thirty days after the close of the refund inquiry period SoWest would submit to the California Public Utilities Commission a report detailing the amounts refunded and any unrefunded amount remaining.

8. Any funds not used for refund purposes would be credited, with the appropriate interest, to Account No. 191, Unrecovered Purchased Gas Costs.

9. The Commission Advisory and Compliance Division Energy Branch has reviewed the refund proposal and believes it to be reasonable and proper.

FINDINGS

1. SoWest has received refunds from its suppliers which should be refunded to its customers.

2. Proposed refunds to residential and other small usage customers would be based upon recorded consumption during a twelve month period ending December 31, 1989.

3. Proposed refunds to large customers would be based upon recorded consumption during the period of accrual of the overcollection.

4. Creation of a contingency reserve, as proposed, to provide refunds to SoWest's former customers is appropriate.

THEREFORE, IT IS ORDERED that:

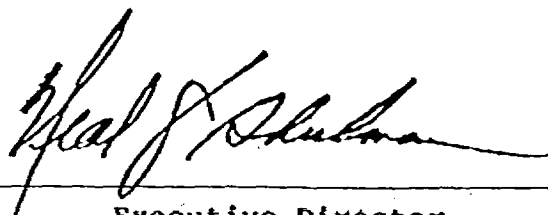
1. Southwest Gas Corporation is authorized under Section 453.5 of the Public Utilities Code to implement the Gas Refund Plan for its Mojave Division customers in California effective today.

2. Southwest Gas Corporation shall make reasonable efforts to locate former customers in accordance with the Discussion, above.

3. Southwest Gas Corporation shall keep records of the refunds and shall submit a report to the Energy Branch of the Commission Advisory and Compliance Division on the disposition of the funds by September 30, 1990. The report shall detail efforts to locate former customers who left the system within the refund eligibility period, the twelve months ending December 31, 1989.
4. Southwest Gas Corporation shall give public notice to its customers of this refund in accordance with the Discussion, above.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on February 23, 1990. The following Commissioners approved it:

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners



Executive Director