

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-2991
MAY 8, 1992

R E S O L U T I O N

RESOLUTION G-2991. SOUTHWEST GAS CORPORATION REQUESTS COMMISSION APPROVAL OF A REFUND PLAN TO REFUND TO ITS CUSTOMERS FUNDS RECEIVED FROM ITS SUPPLIER OF NATURAL GAS.

BY ADVICE LETTER 442-G, FILED ON MARCH 9, 1992.

SUMMARY

1. Southwest Gas Corporation (SoWest) requests authorization to return to its southern California service area customers a \$1,366,621.04 refund received from its supplier of natural gas, Pacific Gas and Electric Company (PG&E).
2. This Resolution grants the request.

BACKGROUND

1. SoWest was authorized by the Commission to purchase CP National (CPN) natural gas system serving the Needles, California area by Commission Decisions (D.) 91-09-068 and 92-02-046. SoWest was directed to maintain separate books of account for this Needles natural gas system until December 31, 1991. As the purchaser of this system SoWest has received from PG&E the refunds of overpayments which should go to the natural gas customers of CPN's Needles District.
2. SoWest paid amounts as billed to its supplier of natural gas (PG&E), for its southern California service area customers. CPN was purchasing natural gas for its Needles customers from the same PG&E pipeline. In compliance with Federal Energy Regulatory Commission (FERC) orders, SoWest has received refunds for overpayments to PG&E, by SoWest for its Southern California service area, and by CPN for its Needles district.
3. The \$1,366,621.04 refund received by SoWest is proposed to be allocated as follows; \$13,144.76 to its Needles (formerly CPN) customers and \$1,353,476.28 to its other southern California customers.

NOTICE:

1. Public notice of this filing has been made by publication in the Commission's calendar on March 11, 1992, and by mailing copies to adjacent utilities.

PROTESTS

1. No protests to this Advice Letter were received by the Commission Advisory and Compliance Division.

DISCUSSION

1. SoWest is proposing that the refund to its residential and small commercial accounts be done by crediting the amount of the refund to the Purchased Gas Cost Balancing Account (PGA), instead of refunds credited to the accounts of individual customers. This is proposed because the amount of the refund is so small, relative to the administrative cost of allocating the refund to individual customer bills and crediting their monthly statements. The refund to these customers would be \$0.01297 per therm of natural gas.

2. For the two (2) customers who would not receive the benefit of a refund by crediting the PGA account SoWest proposes to make refunds by applying a "bill credit" or issuing a check based upon natural gas usage during the time period covered by the refund.

3. SoWest's proposal meets the refund requirements established by the California Supreme Court in California Manufacturers Association vs Public Utilities Commission (1979) 24 Cal 3rd 836, Cal Rptr 676, 598 P2d 836. These requirements are: (1) to the maximum extent possible refunds shall be returned to the customers who paid the funds now being refunded, and (2) for those customers to whom the amount of the refund is difficult to determine there may be a rate reduction to their class.

FINDINGS

1. SoWest has received refunds from its suppliers which should be returned to its ratepayers.

2. The administrative cost of making small refunds to numerous customers would annul the benefit to most of these customers in receiving such a refund.

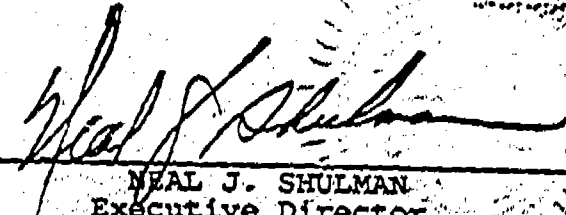
3. It is preferable that the benefit of the refund go immediately to the ratepayers of SoWest, instead of retaining the funds in the balancing account for distribution at a later date, when there may be more money in the fund.

May 8, 1992

THEREFORE, IT IS ORDERED that:

1. Southwest Gas Corporation is authorized to make refunds to its customers as proposed in this Advice Letter.
2. Advice Letter 442-G shall be marked to show that it was approved by Commission Resolution G-2991.
3. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 8, 1992. The following Commissioners approved it:


NEAL J. SHULMAN
Executive Director

DANIEL WM. FESSLER
President
JOHN B. OHANIAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners