

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND  
COMPLIANCE DIVISION  
Energy Branch

RESOLUTION G-3178  
December 18, 1995

R E S O L U T I O N

RESOLUTION G-3178. SAN DIEGO GAS & ELECTRIC COMPANY REQUESTS COMMISSION APPROVAL OF A PLAN TO DISTRIBUTE AMONG ITS RATEPAYERS THE REFUNDS RECEIVED FROM NATURAL GAS SUPPLIERS.

BY ADVICE LETTER 985-G, FILED ON SEPTEMBER 28, 1995.

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SUMMARY

1. San Diego Gas & Electric Company (SDG&E) submits for Commission approval a Gas Refund Plan to distribute the natural gas supplier funds to its customers. The Plan would refund amounts received from El Paso Natural Gas Company and Enron/Transwestern Pipeline Company.
2. This Resolution authorizes SDG&E's proposal.

BACKGROUND

1. SDG&E has received refunds from El Paso Natural Gas Company [El Paso] and Enron/Transwestern Pipeline Company [Enron]. These funds, plus interest, are proposed to be distributed to customers in a similar manner to previous refund plans.
2. The refund amounts received from El Paso and Enron are from the following dockets:
  - Docket Nos. RP90-81-000, et al., and RP91-26-000, et al., covering the period March 1, 1990 through July 31, 1994.
  - Docket Nos. RP91-188-000, et al., and RP91-26-000, et al., covering the period January 1, 1992 through July 31, 1993.
  - Docket No. RP91-188-000, et al., covering the period January 1, 1992 through January 1, 1993.
  - Docket No. RP92-214-000, et al., covering the period February 1, 1992 through September 30, 1993, and

Docket No. RP93-34-000, et al., covering the period November 1, 1992 through March 31, 1993.

3. All monies to be refunded accrue interest at the prime three-month commercial paper rate, through the first full month of the refund. The total refundable amount, including interest, through December 31, 1995, is estimated to be \$3,626,428.

4. With one notable exception [see paragraph 8 below], SDG&E's refund plan is similar to that of Resolution G-2977, dated February 20, 1992, for refunds made by SDG&E in March 1992.

5. SDG&E is proposing to revise the method of distributing natural gas supplier funds and make it similar to the method prescribed in Resolution G-3164, dated February 22, 1995, for Southwest Gas Corporation. The same method was also approved in Southwest Gas Corporation Resolutions G-2991, dated May 8, 1992 and G-3027 dated January 22, 1993.

6. SDG&E proposes to

- a. Allocate gas refunds in accordance with the core and non-core throughput during the five specific refund periods, ranging from December 1991 through July 1994.
- b. Continue the current practice of recording the allocated interdepartmental (UEG) component of the refundable non-core amount directly to the ECAC Balancing Account for the month of December 1995.
- c. Return to customers the amount of the allocated core refund by crediting the Core Purchased Gas Balancing Account (PGA) for the month of December 1995.
- d. Continue the current practice of refunding to customers the amount of the allocated non-core, non-UEG refund, as described in paragraphs 9 and 10 below.

7. The proposed new method [item c above] for distributing gas supplier refunds is in compliance with SDG&E's 1993 BCAP Decision (D.) 94-12-052. In Finding of Fact 120 of that decision, the Commission ordered SDG&E to allocate 40% of El Paso's \$1.45 million refund to core customers. This is also the actual recorded core percentage of total throughput during this specific refund period. Further, Finding of Fact 121 of D.94-12-052 ordered SDG&E to book the refund to the PGA, which SDG&E has incorporated in its revised method.

8. SDG&E further proposes that the refund to its residential and small commercial accounts be accomplished by crediting the amount of the refund to the core PGA, rather than applying a "bill credit" to the accounts of individual core customers. SDG&E has estimated that the refund to these customers would be \$2.09 per customer, or \$0.78 per customer per year. An average of 685,565 customers were in the residential and small commercial class subject to the core PGA provision. This

represents 99.7% of total system customers. These customers will receive the benefit of the refund by crediting the PGA, reducing both the account balance and accrual of interest.

9. The amount of the allocated non-core, non-UEG refund will be returned to customers of record during the five refund periods. The refundable amount to each customer is based on a refund factor [\$/therm] multiplied by the recorded therm sales to that customer during the specific refund period, adjusted for San Diego Franchise Fee Surcharge. The refund factor for each refund period is developed by dividing the total refundable amount by the total therms delivered for the refund period.

10. Refunds to former non-core, non-UEG customers will be made by check or applied to their outstanding unpaid bills. Present non-core, non-UEG customers will receive their refunds by check but may, at customer's option, have the amount credited to their current bill beginning with the Billing Cycle 1 in December 1995.

11. The refundable amount will be adjusted for a contingency fund of about 0.1% to provide for refund adjustments upon inquiry by customers through the June 1995 refund period. SDG&E will make appropriate adjustments where appropriate.

12. Unclaimed and returned checks from this plan will be escheated to the State of California under the Unclaimed Property Law.

13. According to the Refund Plan, SDG&E will keep a record of all refunds made and submit a report of the disposition of such monies to the Commission Advisory and Compliance Division for final disposition of any amounts unrefunded by June 30, 1996.

#### NOTICE

1. Public notice of this filing has been made by publication in the Commission's calendar and by mailing copies to interested parties specified in General Order 96A.

#### PROTESTS

1. The Commission Advisory and Compliance Division (CACD) has received no protests to AL 985-G.

DISCUSSION

1. The principle authorities for refund distributions are contained in Public Utilities Code (PU Code) Sections 453.5 and 792.5. PU Code Section 792.5 governs the use of balancing accounts. PU Code 453.5 deals with refunds and PU Code 792.5 requires the use of reserve (balancing) accounts to reflect the differences between related costs and revenues for passing through to customers specific changes in costs, in this instance the cost of gas purchased for system requirements.

2. In California Manufacturers Association vs. Public Utilities Commission, [1979] 24 Cal 3rd 836, 840 (Manufacturers), the Court determined two guiding principles for refund requirements. These requirements are:

- a. to the maximum extent possible, refunds shall be returned to the customers who paid the funds; and
- b. for those customers to whom the refund is difficult to determine, there may be a rate reduction.

The Court was mindful of the PU Code Section 453.5 admonition that the obligation to provide pro rata refunds based on past usage is limited by considerations of practicality. The Court did not foreclose the Commission from formulating refunds on the basis of current usage, consistent with the express language of PU Code Section 453.5 and the implementation of PU Code 792.5. [24 Cal 3rd 849]

3. It is the CACD view that through the proposed method, the core customers will receive the benefit of the refund by crediting of the PGA, thus reducing both the account balance and accrual of interest. The SDG&E proposal meets the considerations of practicality and the refund requirements of PU Code Section 453.5 and the use of reserve (balancing) accounts of PU Code Section 792.5, and Manufacturer's as well. CACD recommends approval of AL 985-G.

FINDINGS

1. SDG&E filed AL 985-G requesting approval of a Gas Refund Plan to distribute the natural gas supplier funds to its customers.

2. SDG&E's estimate of the total refundable amount, including interest, through December 31, 1995, is \$3,626,428. The actual final refund amount will be determined as soon as the interest rates through December 1995 are known.

3. The amounts to be refunded are those received from El Paso Natural Gas Company and Enron/Transwestern Pipeline Company.

4. The Refund Plan will return to customers the amount of the allocated core refund by crediting the Core PGA.

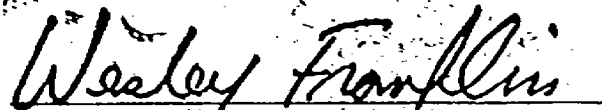
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5. The Refund Plan is in compliance with D.94-12-052 and meets the considerations of PU Code Sections 453.5 and 792.5.
6. CACD recommends approval of AL 985-G

**THEREFORE, IT IS ORDERED that:**

1. San Diego Gas & Electric Company Advice Letter 985-G is approved.
2. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 18, 1995. The following Commissioners approved it:



WESLEY M. FRANKLIN  
Executive Director

DANIEL Wm. FESSLER  
President  
P. GREGORY CONLON  
JESSIE J. KNIGHT, Jr.  
HENRY M. DUQUE  
JOSIAH L. NEEPER