

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION G-3198
December 9, 1996

R E S O L U T I O N

RESOLUTION G-3198. SAN DIEGO GAS & ELECTRIC COMPANY (SDG&E) REQUESTS APPROVAL OF A GAS REFUND PLAN TO REFUND AMOUNTS FROM SDG&E'S CORE PURCHASED GAS ACCOUNT (CPGA), GAS SUPPLIER REFUND AMOUNTS RECEIVED FROM EL PASO NATURAL GAS COMPANY, AND UNDISTRIBUTED AMOUNTS REMAINING FROM PREVIOUS REFUND PLANS. SDG&E'S REQUEST IS APPROVED.

BY ADVICE LETTER 1027-G FROM SDG&E DATED SEPTEMBER 20, 1996.

SUMMARY

1. By advice letter 1027-G dated September 20, 1996, SDG&E, in compliance with D.96-05-071, dated May 22, 1996, and as previously addressed in Advice Letters 1017-G and 1021-G, requests approval of the Gas Refund Plan. The Gas Refund Plan seeks to refund the Core Purchased Gas Account (CPGA) balance as of month-end June 1996, a gas supplier refund from El Paso Natural Gas Company, and remaining undistributed funds from previous natural gas supplier refunds.
2. This Resolution approves SDG&E's request.

BACKGROUND

1. SDG&E has accumulated a positive balance in its CPGA that it will refund to its core customers in compliance with D. 96-05-071. The refund amount results from overcollections from January 1, 1996 through June 30, 1996. SDG&E also has funds remaining from previous natural gas supplier refunds. These funds are left over from natural gas supplier refunds from March 1992, January 1986, January 1985, and May 1982 Refund Plans. The undistributed amounts result from the use of sales forecasts as opposed to actual usage.
2. All monies to be refunded accrue interest at the prime three-month commercial paper rate, through December 16, 1996. The total refundable amount, including interest, is estimated to be \$12,093,210.05.
3. The refund plan proposed by SDG&E is similar to previous refund plans, such as that described in Resolution G-3178, dated

December 18, 1995. The notable difference is that this refund plan calls for a one time bill credit as opposed to crediting the CPGA. SDG&E estimates that the typical refund will result in a one time bill credit of \$6.70 for each residential customer.

4. SDG&E proposes to

a. Allocate gas refunds in accordance with the core and non-core throughput during the specific refund periods, ranging from May 1982 through June 1996.

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 1996.

c. Return to customers the amount of the allocated core refund by crediting customers bills.

d. Continue the current practice of refunding to customers the allocated non-core, non-UEG refund, as described in paragraphs 5 and 6 below.

5. The amount of the allocated non-core, non-UEG refund will be returned to customers of record during the 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. The refund factor for each period is developed by dividing the total refundable amount by the total therms delivered for the refund period.

6. 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.

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

8. 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 Energy Division by June 1, 1997.

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 Energy Division has received no protests to AL 1027-G.

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DISCUSSION

1. The principal authorities for refund distributions are contained in Public Utilities Code [PU Code] Sections 453.5 and 792.5. 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:

- 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 Energy Division view that through the proposed method, as described in the Refund Plan in Advice Letter 1027-G, core and non-core customers will benefit from the refund. The SDG&E proposal meets the considerations of practicality and the refund requirements of PU Code Section 453.5 and the use of balancing accounts of PU Code Section 792.5, and Manufacturer's as well. The Energy Division recommends approval of AL 1027-G.

FINDINGS

1. SDG&E filed AL 1027-G requesting approval of a Gas Refund Plan to distribute the balance in its CPGA and natural gas supplier refunds to its customers.
2. SDG&E's estimate of the total refundable amount, including interest through December 16, 1996 is \$12,093,210.05. The actual final refund amount will be determined as the interest rates through December 16, 1996 are known.
3. The amounts to be refunded are from overcollections in the CPGA through June 1996, a refund from El Paso Natural Gas Company, and undistributed funds from previous natural gas supplier refunds.
4. The Refund Plan will return to customers the amount of the allocated core refund by issuing a one time bill credit.
5. The refund is in compliance with D.96-05-071 and meets the considerations of PU Code Sections 453.5 and 792.5.
6. The Energy Division recommends approval of AL 1027-G.

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THEREFORE, IT IS ORDERED that:

1. San Diego Gas & Electric Company Advice Letter 1027-G is approved.
2. SDG&E shall submit a report of the disposition of the refund plan to the Energy Division by June 1, 1997.
3. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 9, 1996. The following Commissioners approved it:

Wesley Franklin

WESLEY M. FRANKLIN
Executive Director

P. GREGORY CONLON
President
DANIEL Wm. FESSLER
HENRY M. DUQUE
Commissioners