

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**RESOLUTION G-3221
SEPTEMBER 3, 1997**

RESOLUTION

**RESOLUTION G-3221. SOUTHERN CALIFORNIA GAS (SOCAL GAS) REQUESTS REFUNDS FOR THREE CUSTOMERS OVER-COLLECTIONS OF PIPELINE DEMAND CHARGES RESULTING FROM IMPLEMENTATION OF THE PERMANENT CORE AGGREGATION TRANSPORTATION (CAT) PROGRAM RULES. ADDITIONALLY, IN COMPLIANCE WITH D.94-04-088 SOCAL GAS IS REQUESTING REFUNDS \$1.430 MILLION RESULTING FROM PREVIOUS REASONABLENESS REVIEWS.
APPROVED.**

BY ADVICE LETTER 2513 FILED ON AUGUST 5, 1996, AND LETTER DATED OCTOBER 18, 1994.

SUMMARY

1. By Advice Letter 2521, SoCalGas requests authorization to refund \$56,212.42 to Regional Energy Management Coalition (REMAC), \$44,245.28 to Broad Street Oil & Gas (BSOG), and \$8,842.37 to Texas-Ohio West (TOW). In its October 18, 1994 letter, SoCalGas proposes to refund \$1.430 million in compliance with D.94-04-088.
2. No protests were filed.
3. This Resolution approves Advice Letter 2521 and SoCalGas' preferred refund plan as described in its October 18, 1994 letter. The refund amounts are amended to reflect interest accrued through August 31, 1997.

BACKGROUND

1. Under the interim CAT rules in effect prior to October 1, 1995, aggregators paid to El Paso and Transwestern pipelines their prorated share of pipeline demand charges for gas delivered into storage. These charges were recovered from the aggregators' customers, not from SoCalGas. As a result of D. 95-07-048 CAT customers began paying for these demand charges directly to SoCalGas. SoCalGas would then reimburse the aggregators. During the period November 1, 1995 through March 31, 1996 some gas that the aggregators had in storage prior to

the rule change was withdrawn for customer use. These volumes were placed into storage before the new rules went into effect and when consumed after the new rules went into effect incurred additional pipeline demand charges.

2. As a result of D.94-04-088, the modified Global Settlement, SoCalGas was ordered to refund approximately \$1.430 million to CAT customers based on reasonableness review challenges. SoCalGas also wishes to refund \$1.474 million to Core Elect/Core Subscription customers who purchased gas from the same portfolio that was the subject of the reasonableness review.

NOTICE

1. Advice Letter 2521 and the October 18, 1994 letter were served on other utilities, government agencies, and to all interested parties who requested such notification, in accordance with the requirements of General Order 96-A.

PROTESTS

1. No protests were received by the Energy Division.

DISCUSSION

1. The new CAT rules implemented by D.95-07-048 had the unintended effect of causing three specific customers to incur interstate pipeline demand charges twice. SoCalGas proposes to remedy this situation by providing a one time credit to the affected customers. This amount shall be adjusted to reflect the accrual of interest until the effective date of this resolution.

2. SoCalGas will also provide a one time refund to CAT, Core Elect and Core Subscription customers as a result of D.94-07-064. This settles past reasonableness reviews and future costs associated with the Enron Bank, 1990 Arco, and 1990 Meridian contracts. The amounts to be refunded are a small portion of the \$65 million that the CPUC ordered refunded. The remaining amount has previously been credited to the Core PGA account. This amount shall be adjusted to reflect the accrual of interest until the effective date of this resolution.

3. SoCalGas will keep records of all refunds made and submit a report of the disposition of such monies to the CPUC for a final disposition of any unrefunded amounts by June 1, 1998.

September 3, 1997

FINDINGS

1. By Advice Letter 2521, SoCalGas requests authorization to refund amounts to certain CAT customers.

1. By letter, dated October 18, 1994, SoCalGas requests to refund to CAT, Core Elect, and Core Subscription customers their share of the \$65 million refund ordered by D. 94-07-064.

3. SoCalGas should be authorized to make these refunds within 30 days of approval of this resolution.

4. SoCalGas should report the results of these refunds by June 1, 1998.

THEREFORE, IT IS ORDERED that:

1. Southern California Gas' Advice Letter 2521 is authorized.

2. Southern California Gas' preferred refund plan as described in its October 18, 1994 letter is approved.

3. Advice Letter 2521 shall be marked to show that it was approved by Commission Resolution G-3221.

4. This Resolution is effective today.

September 3, 1997

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 3, 1997. The following Commissioners approved it:

Wesley Franklin

WESLEY FRANKLIN

Executive Director

P. Gregory Conlon, President

Jessie J. Knight, Jr.

Henry M. Duque

Josiah L. Neeper

Richard A. Bilas

Commissioners