

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**ENERGY DIVISION**

**RESOLUTION G-3234  
APRIL 9, 1998**

**RESOLUTION**

**RESOLUTION G-3234. PURSUANT TO THE STIPULATION AGREEMENT IN THE MODIFIED GLOBAL SETTLEMENT (D. 94-07-064), SOUTHERN CALIFORNIA GAS COMPANY REQUESTS APPROVAL TO REFUND \$1.430 MILLION TO CORE AGGREGATION TRANSPORTATION CUSTOMERS.  
APPROVED.**

**BY LETTER DATED OCTOBER 18, 1994.**

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**SUMMARY**

1. As discussed below, Resolution G-3221 was vacated by Decision (D.) 98-01-058 on January 21, 1998. Resolution G-3221 had approved two separate proposals having to do with Southern California Gas Company (SoCalGas) providing refunds to Core Transportation Aggregators and their customers. Because of the complexity of the issues and the length of time that has transpired, the two refund proposals are now being split into two separate resolutions. Resolution G-3234 (this current resolution) addresses a refund associated with the Global Settlement. A "companion" resolution (G-3233) addresses the other refund issue, which is the subject of Advice Letter (A.L.) 2513.
2. In compliance with Decision 94-07-064 (the modified Stipulation and Settlement Agreement in the Global Settlement), SoCalGas issued a letter on October 18, 1994 containing two plans to provide refunds to Core Aggregation Transportation (CAT) customers. SoCalGas' "preferred" plan would provide refunds totaling \$2.904 million, while the "alternate" plan would refund \$1.430 million. Both plans provide for CAT customers receiving a prorated share of the \$65 million total credit that was agreed to in the original Global Settlement (D. 94-04-088).
3. The Utility Reform Network (TURN) sent a letter protesting SoCalGas' "preferred" methodology for refunding the CAT customers' prorated share. The "alternate" refund proposal was acceptable to TURN.
4. This Resolution approves the "alternate" refund plan described in SoCalGas' October 18, 1994 letter. The \$1.430 million refund amount is amended to reflect interest accrued through the date the refund becomes effective.

## BACKGROUND

1. On October 29, 1993, SoCalGas submitted a plan for Commission approval to refund \$65 million to its customers by crediting its Purchased Gas Account (PGA). This so-called Global Settlement was meant to resolve several outstanding reasonableness review disputes. The Global Settlement was found unacceptable in D. 94-04-088 because, among other concerns, it failed to provide a credit to all the core customers who had switched to CAT service.
2. On June 7, 1994, a modified Global Settlement was filed in an effort to address the Commission's concerns regarding the first settlement. The Commission, on July 20, 1994, approved this modified settlement in D. 94-07-064. This modified settlement provided for the same \$65 million credit as was proposed initially. However, the modified settlement provided for the total to be divided into two pieces: \$63 million (plus interest) was credited to the core PGA, while \$2 million (plus interest) was set aside as a reserve for refunds to core aggregation customers. SoCalGas was required to file, within 90 days, a plan for refunding amounts to core aggregation customers.
3. In August 1994, SoCalGas credited its PGA by \$63 million for its core customers. On October 18, 1994, in a letter to the Commission, SoCalGas put forth its proposals for a refund for its core aggregation customers; these proposed refunds will come out of the \$2 million reserve that was set up for that purpose.
4. The October 18<sup>th</sup> letter proposed two refund plans: a "preferred" plan (totaling \$2.904 million, plus interest) that included CAT customers and core elect/core subscription (CE/CS) customers, and an "alternate" plan (totaling \$1.430 million, plus interest) that only included CAT customers.
5. On November 2, 1994, TURN sent a letter protesting the "preferred" plan, arguing that the Global Settlement had made no provision for CE/CS customers receiving a refund.
6. In a letter dated November 17, 1994, SoCalGas acknowledged that TURN's protest was correct. SoCalGas went on record as withdrawing its "preferred" plan and supporting the "alternate" plan.
7. On September 3, 1997, Resolution G-3221 was issued. Along with other matters, it approved SoCalGas' "preferred" plan to provide refunds to both CAT and CE/CS customers. The resolution mistakenly stated that no protests were filed, and it did not address the fact that the "preferred" plan had been withdrawn.
8. On September 30, 1997, SoCalGas wrote the Commission's Executive Director, requesting a stay of implementation of the refunds ordered in the resolution. The letter correctly noted that Resolution G-3221 had adopted a refund plan that was partially based on a proposal that had been withdrawn by SoCalGas.

9. On October 2, 1997, the Executive Director issued a letter granting SoCalGas a 120-day extension to make the refunds approved in Resolution G-3221.
10. On October 3, 1997, SoCalGas filed an application for rehearing of Resolution G-3221. Among other concerns, that application (A. 97-10-013) noted that Resolution G-3221 had overlooked TURN's protest, and had approved a refund plan based on a proposal that had been withdrawn.
11. On January 21, 1998, the Commission issued D. 98-01-058, which vacated Resolution G-3221, and closed A. 97-10-013.

#### NOTICE

1. SoCalGas' October 18, 1994 letter, detailing several refund plans, was served on other utilities, government agencies, and to all interested parties who requested such notification.

#### PROTESTS

1. On November 2, 1994, TURN filed a protest to SoCalGas' October 18<sup>th</sup> refund plans.
2. TURN did not object to SoCalGas' "alternate" plan, which addressed refunds only to CAT customers. TURN did object to the "preferred" plan, which also included CE/CS customers. TURN argued that the Global Settlement made no provision for CE/CS customers.
3. In a letter dated November 17, 1994, SoCalGas agreed with TURN's protest, and withdrew its "preferred" plan.

#### DISCUSSION

1. The Energy Division has reviewed SoCalGas' October 18, 1994 refund plans, as well as TURN's protest.
2. SoCalGas' "alternate" refund proposal should be adopted. All parties agree that it properly reflects the intent of the settlements. SoCalGas should refund \$1.430 million, plus interest, to its CAT customers, as described in the October 18, 1994 letter. After this refund has been made, any funds (including accrued interest) remaining from the original \$2 million reserve (which was set aside for this refund) should be credited to SoCalGas' core customers.

**FINDINGS**

1. On July 20, 1994, the Commission approved the modified Global Settlement in D. 94-07-064. The modified settlement provided that, of the total \$65 million to be refunded to ratepayers, \$2 million would be reserved (with interest) pending final resolution by the Commission of the exact refund amounts to be given to the core aggregation customers. SoCalGas was given 90 days to file a proposed refund plan for those core aggregation customers. The remaining \$63 million would be refunded to SoCalGas' core customers
2. Rates effective August 1, 1994 included a credit of \$63 million to the core PGA.
3. By an October 18, 1994 letter, SoCalGas submitted for Commission approval two plans that would refund to CAT customers their share of the \$65 million refund approved in D. 94-07-064. SoCalGas' "preferred" plan, totaling \$2.904 million (plus interest) included refunds to CE/CS customers as well as CAT customers. An "alternate" plan included refunds totaling \$1.430 million (plus interest) to CAT customers only.
4. TURN filed a protest to the October 18<sup>th</sup> letter on November 2, 1994, arguing that the settlements clearly intended that the CAT refund plan should only include CAT customers.
5. In a letter dated November 17, 1994, SoCalGas agreed with TURN's protest, and formally withdrew its "preferred" plan.
6. All parties agree that SoCalGas' "alternate" plan is the appropriate refund mechanism. As described in the October 18, 1994 letter, \$1.430 million (plus interest through the effective date of the refund) shall be returned to SoCalGas' CAT customers.
7. The \$2 million reserve originally set aside for CAT refunds has been accruing interest since its inception. All dollars remaining in this reserve (after the CAT refunds have taken place) shall be credited to SoCalGas' core PGA.
8. TURN's protest is moot.

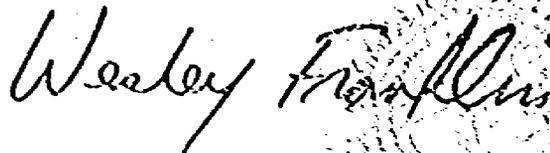
**THEREFORE, IT IS ORDERED that:**

1. As detailed in its October 18, 1994 letter, Southern California Gas Company's "alternate" refund plan is approved. Southern California Gas Company shall refund \$1.430 million to its CAT customers. This amount shall be adjusted to reflect the accrual of interest up to the date the refund becomes effective.

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2. If, after the refund takes place, there are any dollars (including accrued interest) remaining in the \$2 million reserve, they should be credited to SoCalGas' core PGA.
3. TURN's protest is moot.
4. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on April 9, 1998. The following Commissioners approved it:



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WESLEY M. FRANKLIN  
Executive Director  
Richard A. Bilas, President  
P. Gregory Conlon  
Jessie J. Knight, Jr.  
Henry M. Duque  
Josiah L. Neeper  
Commissioners