

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**RESOLUTION G-3269
OCTOBER 7, 1999**

RESOLUTION

Resolution G-3269. Southwest Gas Corporation (Southwest) requests approval of its Refund Plan No. 29 which would distribute refunds received from Pacific Gas and Electric Company (PG&E) and El Paso Natural Gas Company (El Paso) to Southwest's gas customers. Southwest's request is approved with an effective date of today.

By Advice Letter 594, filed on July 27, 1999.

SUMMARY

This Resolution approves Southwest Advice Letter 594 with an effective date of today. Southwest proposes to implement Refund Plan No. 29 to distribute refunds received from PG&E and El Paso to its own gas customers.

BACKGROUND

In June 1997 El Paso refunded \$5,551.53 to Southwest as ordered by the Federal Energy Regulatory Commission (FERC) Docket No. RP91-26-14¹.

In February 1998 El Paso refunded \$17,795.28 to Southwest as ordered by FERC Docket No. RP91-26-16².

¹ FERC Docket No. RP91-26-14 was issued on March 25, 1997. El Paso had requested the eligibility of certain take-or-pay costs for recovery under Order Nos. 500/528. FERC determined that the payment related to one of the challenged settlements is a recoupable prepayment for gas to be received in the future, and therefore is ineligible for recovery. It ordered El Paso to refund the settlement costs with the appropriate interest.

² FERC Docket No. RP91-26-16 was issued on October 31, 1997. The California Public Utilities Commission, PG&E, and Southern California Gas Company requested a rehearing on the FERC March 25, 1997 decision on RP91-26-14. FERC granted the rehearing on the eligibility of El Paso's costs under two of the take-or-pay settlements. FERC determined that these two additional settlements were ineligible for recovery by El Paso. It was ordered that El Paso refund the settlement costs with the appropriate interest.

In September 1998, Southwest received \$2,720,097.17 in refunds from PG&E. The refunds represented the distribution of refunds related to PG&E's Advice Letter Nos. 1973-G-A³ and 2000-G⁴.

On July 27, 1999, Southwest filed Advice Letter No. 594 that contained its Refund Plan No. 29. Refund Plan No. 29 indicated how Southwest intends to refund the monies received by El Paso and PG&E to its own gas customers.

Southwest requested an effective date of September 5, 1999, but later withdrew its request to implement that effective date.

NOTICE

Public notice of the Advice Letter was made by publication in the Commission Calendar and by Southwest mailing copies of the filing to interested parties in accordance with Section III-G of General Order (G.O.) 96-A.

PROTESTS

No protests were filed.

DISCUSSION

The issues before us are whether to permit Southwest to implement Refund Plan No. 29 and to determine if the Refund Plan No. 29 methodology is reasonable.

Southwest is proposing that the refunds received from El Paso and PG&E be credited to the Purchased Gas Cost Balancing Account (PGA) for current sales customers. Bill credits or checks will be implemented to non-PGA customers and other customers who have changed transportation service or are no longer customers of Southwest.

³ Advice Letter No. 1973-G distributed a refund to PG&E's core elect procurement customers, in accordance with Decision (D.) 95-12-053, subsequently modified by D.96-02-074, in their share amount of the Canadian gas reasonableness disallowance adopted in D.94-03-050.

⁴ Advice Letter No. 2000-G distributed refunds to PG&E's Non-Utility Electric Generation core elect and core subscription customers in their share amount of the settlement adopted in D.96-08-033 as modified by D.96-12-027 and D.96-12-089.

Southwest has taken into consideration the different eligibility time periods⁵ of the PG&E and El Paso refunds in determining the amount of refunds to be distributed to its own customers. The amount of the refund will be determined by the terms used by the customers during these time periods.

Southwest's next PGA filing will contain a rate revision. Included in the consideration to revise the rates will be the refunds received by El Paso and PG&E.

Refund Plan No. 29 methodology to refund or credit Southwest's customers is reasonable.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to P.U. Code Section 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS

1. By Advice Letter 594, filed on July 27, 1999, Southwest Gas Corporation requested to implement Refund Plan No. 29.
2. Southwest's Refund Plan No. 29 is reasonable.

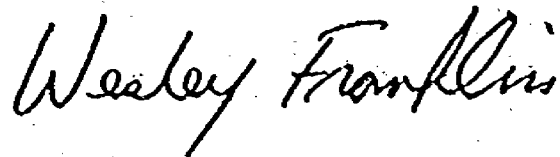
⁵ For refunds received from PG&E's Advice Letter Nos. 1973-G and 2000-G, the Southwest's customers eligibility time periods are May 1988 through December 1990 and January 1991 through December 1992 respectively. For refunds received by the FERC El Paso decisions, the eligibility time period for Southwest's customers is from August 1993 through September 1995.

October 7, 1999

THEREFORE, IT IS ORDERED THAT:

1. Southwest Gas Corporation's Advice Letter 594 is approved with an effective date of today.
2. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on October 7, 1999; the following Commissioners voted favorably thereon:



WESLEY M. FRANKLIN
Executive Director

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
JOEL Z. HYATT
CARL W. WOOD
COMMISSIONERS