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State of California

MEMORANDUM

U-7

File No.: 402

Date: April 15, 1980 Conference 4-2343

To : THE COMMISSION

Subject: PG&E Gas Refund Plan No. 12 (Resolution No. G-2343)

RETURN TO GAS BRANCH

From : Public Utilities Commission---San Francisco---G. L. Way
Chief Gas Engineer

RECOMMENDATION: Gas Refund Plan No. 12, as presented by Pacific Gas & Electric Company (PG&E) be modified along the following lines:

1. Payment to all customers to be made in one lump-sum payment to take place not later than 60 days after the effective date of this order.

2. Payment of refunds to residential customers will be made in proportion to the total sales to that customer in the 12-month period immediately preceding this order (or portion thereof), to the total residential sales of the utility. No refunds will be made to former residential customers.

3. Investigation of the amount of refund will be made upon customer inquiry, and adjustments will be made when deemed appropriate, when a present customer disputes his refund, or when a non-residential former customer requests a refund.

4. Electric Refund Plan No. 4 and Steam Refund Plan No. 4 are to be approved by staff prior to submittal to the Commission and they are to follow the same general guidelines set down in this refund plan.

5. The cost of administering this refund plan will not be an issue in this refund plan and will not be borne by those who receive the refunds.

Such revised refund plan to take effect upon adoption of the attached Resolution No. G-2343.

BACKGROUND: The proposed refunds are ordered pursuant to the recent California Supreme Court Decision in California Manufacturers Association (CMA) vs. Public Utilities Commission, 24 Cal. 3d 836 (1979). The fund represents monies refunded to PG&E by its suppliers over a period of time from 1972 to 1979.

These funds were used by the utility to absorb increased costs of gas between September 21, 1977 and September 11, 1978, as per Commission order in Decision No. 88261, dated December 20, 1977. These increased costs were not collected for that period and, in fact, have not yet been collected. To the extent that customers received lesser increases or no increases as a result of Decision No. 88261, they have benefitted from this action.

The California State Supreme Court, however, in the above decision, has ruled against such plan and has ordered this money refunded to the utility's customers.

RETURN TO GAS BRANCH

The total amount of money in question is $60,054,000 plus interest through December 31, 1979 for a total refund of $70,964,000. Interest subsequent to December 31, 1979 will be computed at the variable interest rates found reasonable by Decision No. 91269, dated January 29, 1980.

ANALYSIS: Having spent the money for gas purchases at increased costs, the utility does not have the cash on hand to make the immediate refunds, as in the case of previous refund plans. The utility therefore requests an extended period of time over which to spread the refunds in order to alleviate severe cash flow problems. The utility proposes to spread the refunds out over a twelve month period by paying approximately 1/12 of the total refund due to each eligible customer each month. The average monthly refund for residential service under this proposed plan would be 63 cents.

The proposed plan follows the general procedures of PG&E's 1975 Gas Refund Plan No. 11, authorized by the Commission by Resolution No. G-1734, dated April 29, 1975, with the exception of the proposal to spread the refunds out over a 12-month period. The plan conforms to the refunding methodology contained in Section 453.5 of the Public Utilities Code.

The utility further requests that they be allowed to wait until the month of October, 1980, in the event that the 12-month plan is rejected and they are required to make the refunds in one lump-sum payments.

The California Manufacturers Association has protested the proposed refund plan as to monthly payments. The Commission staff agrees that the 12-month plan is not acceptable. The utility, however, should be allowed time to determine the amount of refunds to each customer. Therefore, the staff recommends that all refunds be paid in full within 60 days of the effective date of this order.

On February 13, 1980, the Commission issued Decision No. 91337, in Application No. 53587, et.al. This decision, among other things, ordered Pacific Telephone and Telegraph Company (PT&T), and General Telephone Company of California (GTC) to make refunds to their respective customers. Since the methodology of refunds ordered in Decision No. 91337 reflects the current views of the Commission, much of these same views should be included in PG&E's refund plan.

Therefore, the staff recommends that the proposed Gas Refund Plan No. 12 be further amended along the following lines:

> Refunds are to be made in one lump-sum payment to all customers, and are to be based on sales for the preceding 12-month period.
>
> No refunds will be made to former residential customers due to the fact that finding such customers could be extremely costly, time-consuming, and generally unsuccessful due to the fact that current addresses of such customers might not always be available.

RETURN TO GAS BRANCH

Request for refunds from former customers will be investigated and adjustments made when deemed appropriate, only in the case of non-residential customers.

The cost of administering this refund plan will not be an issue in this refund plan and will not be borne by ratepayers or others who will receive refunds.

The above revisions are in conformance with the Commission's views in Decision No. 91337.

It is further recommended that all resale customers of PG&E, over which the Commission has jurisdiction, be instructed that they also will be subject to refund plans to their respective customers, based on the refunds that they receive from PG&E in Refund Plan No. 12.

In the event that the Commission agrees with the staff's recommendation, the attached Resolution No. G-2343 has been included for approval and adoption by the Commission.

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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RESOLUTION NO. G-2343

UTILITIES DIVISION
BRANCH/SECTION: Gas
DATE: April 15, 1980

RETURN TO GAS BRANCH

RESOLUTION

SUBJECT: Pacific Gas & Electric Company. Order Authorizing Revisions to Gas Refund Plan No. 12 and Approval of Such Revised Refund Plan.

WHEREAS: PACIFIC GAS & ELECTRIC COMPANY (PG&E), by letter filed February 13, 1980, has requested authority to place Gas Refund Plan No. 12 into effect in order to refund an excess of $70 million to all of its customers, with the following results:

1. The Commission staff has reviewed this refund plan and has made recommendations for revisions

(a) Payment to all customers to be made in one lump-sum payment.

(b) Payment of refunds to residential customers will be made in proportion to the total sales to that customer in the 12-month period immediately preceding this order, or the portion of the 12-month if the service is of a shorter period, to the total residential sales of the utility.

(c) No refunds will be made to former residential customers

(d) Investigation of the amount of refund will be made upon customer inquiry, and adjustments will be made when deemed appropriate, when a present customer disputes his refund, or when a non-residential former customer requests a refund.

(e) The cost of administering this refund plan will not be charged to the refund dollar.

2. In all other respects not covered above, the Commission staff is in agreement with the views expressed by PG&E in the proposed Gas Refund Plan No. 12.

3. The proposed refunds are pursuant to an order by the California State Supreme Court and should be made on a timely basis, and

RETURN TO GAS BRANCH

WHEREAS: We find that the staff's recommendations, as outlined above, are reasonable and should be adopted; therefore, good cause appearing,

IT IS ORDERED that:

1. Gas Refund Plan No. 12 shall be accepted for filing provided that revisions are made as indicated above, and Pacific Gas & Electric Company shall be instructed to file a revised refund plan accordingly.

2. Authority be granted under Section 453.5 of the Public Utilities Code for PG&E to place such revised refund plan into effect and to commence making refunds within 60 days of the date of filing of such revised refund plan.

3. The revised refund plan be marked to show that it was authorized by Resolution No. G-2343 of the Public Utilities Commission of the State of California. The effective date of this Resolution is the date hereof.

I hereby certify that the foregoing Resolution was duly introduced, passed and adopted at a regular conference of the Public Utilities Commission of the State of California, held on April 15, 1980, the following Commissioners voting favorably thereon:

Joseph E. Bodovitz
Executive Director

VERNON L. STURGEON
RICHARD D. GRAVELLE
CLAIRE T. DEDRICK
LEONARD M. GRIMES, JR.
Commissioners