

Decision No. 9125

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA

ORIGINAL

---oOo---

In the Matter of the Application of)
PACIFIC GAS AND ELECTRIC COMPANY, a)
corporation, for an order of the) Application No. 6108
Railroad Commission fixing fair and)
reasonable rates for gas supplied to)
its consumers.)

- C. P. Cutten, for Applicant.
- John J. Dailey, for City and County of San Francisco.
- Archer Bowden, for City of San Jose.
- C. K. Kirkbride, for City of San Mateo.
- W. E. Simpson, for City of Fresno.
- Harry E. Brown, for City of Sacramento.
- C. W. Byrne, for City of San Rafael.
- Leon E. Gray, for City of Oakland.
- Frank V. Cornish, for City of Berkeley

BY THE COMMISSION:

OPINION ON PETITION FOR REHEARING

The cities of San Francisco, Oakland, Fresno, Sacramento, San Jose, Berkeley, Alameda, Richmond, Chico, Petaluma, Vallejo, Piedmont, Los Gatos, San Leandro, Oroville, Napa, San Mateo, El Cerrito and Emeryville have filed petitions for rehearing alleging certain errors in this Commission's Decision No. 8813 in the above entitled matter rendered March 31, 1921. Petitioners allege, first, that Application No. 6108 should not have been considered as it dealt largely with questions of

errors claimed by the company to have been made by the Commission in its previous Decision No. 7877 in Applications Nos. 5275 and 5278 and that, therefore, Pacific Gas and Electric Company should have filed a petition for rehearing if it desired these matters reconsidered; second, that it does not appear to petitioners that in Decision No. 8813 any consideration was given to the relation of revenue and operating costs as applying to the various districts served; third, that it appears to petitioners that in estimating the basis of the rates fixed the Commission had estimated gross revenue for 1920 and operating expenses for 1921 and that the Commission's decision is erroneous and not based on proper conclusions drawn from the evidence submitted; fourth, that in determining whether the company will earn a reasonable return for 1921 the gross revenue and operating expenses for that year should be considered. The cities of Oakland and San Francisco further allege that Decision No. 8813 discriminates against consumers in those cities in that the factors considered as causing a reduction in the return to the company do not in their opinion increase the cost per thousand cubic feet in the same degree as other districts served. Petitioners request that the effective date of Decision No. 8813 be suspended and set aside and that a rehearing be had. The Commission under date of April 11, 1921 ordered that the effective date of said decision be extended for the period of the pendency of the application for rehearing.

Hearing upon the petition for rehearing was held before the Commission en banc on April 25, 1921, at which time argument was submitted by petitioners for rehearing relative to the justification of their request and the matter relative

to the question of a rehearing has been submitted.

The first reason urged by petitioners for rehearing, that Pacific Gas and Electric Company should have filed petition for rehearing in Applications Nos. 5275 and 5278, Decision No. 7787, rendered by this Commission in July 1920, was originally urged in connection with Application No. 6108 and fully considered by the Commission in Decision No. 8813 and it does not appear necessary to further consider this matter except to point out that the Railroad Commission's aim is to render justice to all concerned and that the urging of a legal technicality to prevent the full consideration of the matter and the carrying out of justice is not looked upon with favor by this Commission.

Relative to other points urged in the filed petitions for rehearing, it appears from the discussion at the hearing in this matter and from a further consideration of the decision by the petitioners, that the points urged by the petitioners as to whether consideration was given to the revenue and costs in the different districts and that the basis of estimate by the Commission and the method used were not justified by the facts, were apparently based upon a lack of information and careful study of the decision before the petition was filed. We see no reason for the granting of a rehearing or reconsideration of the matter on these grounds.

At the hearing in the petition for rehearing it was further urged that the Commission had erred in the method used in computing state taxes to be included in the estimate of expense. This point we believe justifies careful consideration and is the only point, in our opinion, raised which would justify the petition.

The present method of state taxation applicable to gas corporations such as Pacific Gas and Electric Company is in legal theory a property tax, but the measure of the tax is computed on a gross income basis. The state tax which becomes a lien upon the company's property in March 1921 is computed at $7\frac{1}{2}$ per cent of the gross revenue received from the business for 1920. It is therefore apparent that, barring a modification of the rate/^{of}taxation downward, a complete doing away with the present basis of taxation, or the discontinuance of the business as a public utility, the gross revenue in one year places an obligation upon the company to pay $7\frac{1}{2}$ per cent of that amount to the state during the succeeding fiscal year.

Where a company's revenue continually increases, as applicant's has done, computations will show that the amount due in July of each year is less than the amount which would be estimated on the accrual basis heretofore used for the year in question, so that an amount will accumulate in any such reserve equivalent to the tax rate times the growth in gross revenue. In case of a reducing gross revenue, the reduced revenue must, under the proposed plan of petitioners, bear a heavier burden, and, in general, under such conditions the greater tax may become serious from the standpoint of the utilities.

We cannot agree with petitioners that the installments actually paid in any calendar year represents the correct amount to be allowed in determining rates. In view of the fact that in determining working cash capital of a utility taxes are not included and should therefore be accrued before being paid, and further, that the taxes due in July become a lien on the property in March of the same year, the minimum

tax allowance would be the amount which becomes a lien on the company's property in March of each year. From a strictly legal standpoint we believe that the state taxes to be included in the estimate of costs in Decision No. 8813 might fairly be $7\frac{1}{2}$ per cent of the preceding year's revenue, less uncollectible bills. This amount should, from a practical standpoint, be increased to ^{equal} $7\frac{1}{2}$ per cent of the revenue which would have been received from the business of that year at the increased rates as it is apparent in fixing rates for the future that an increase in rates continued will in the second year increase the unit amount of taxes.

The estimate of state taxes in Table No. III in Decision No. 8813 should, on the above basis, be reduced \$79,000 and the estimate of Federal taxes increased \$7,900, making a net reduction of \$61,100.

Since rendering Decision No. 8813, and also since the submission of the argument for rehearing, there occurred on May 13th, 1921, a reduction of 25 cents per barrel in the cost of oil. An order reopening the proceeding has been made, a hearing held and evidence introduced on this point. Petitioners urge that this reduction should be taken into consideration. Pacific Gas and Electric Company urges that due to the delay in this proceeding and in general the unavoidable delay in getting relief in the case of increased costs of operation in the form of higher rates, it has had to absorb over \$400,000 during the past year in increased oil cost; that during the past several years it has purchased oil at below the market price, all of which saving has gone to the public; that in addition to the fact that in 1920 it failed to earn the return found reasonable by approximately \$700,000 the consumers re-

ceived gas based on a cost of oil 15 cents per barrel below the market price or totaling \$212,000, and that even if the increased rates should be made effective for the last seven months of 1921, it would still earn for the year 1921, less than the Commission has found a reasonable return. It is urged that the rates be put in effect and continued even with a reduced price of oil until the deficits of 1918 to 1921 are recouped.

It is urged by J. J. Dailey, representing the City and County of San Francisco, that no consideration should be given in this proceeding to deficits from any source incurred prior to the Commission's Decision No. 7877, dated July 14th, 1920, as the question of possible reimbursement for such deficits was a subject before the Commission in that proceeding and was therein passed upon. It is suggested by Mr. Dailey, however, that it would be only fair to applicant to give consideration to compensating applicant for the increase in price of oil effective since July 1920, which was not considered in the rates fixed in Decision No. 7877. This increase amounted to 12 cents per barrel and, for the period that it was in effect, totaled approximately \$236,000.

The cost of oil is a large part of the cost of gas service, representing approximately 40 per cent of the total charge. It is practically impossible to forecast what the price of oil will be. Sudden changes in oil prices may so affect the earnings of the utility as to require immediate change in rates or result in serious loss to the company or in unfair rates to the consumer. Under the method heretofore followed, delay resulting from necessary hearings has caused loss of earnings to the gas companies and has in certain instances affected their credit. The future price of oil apparently is more prob-

lematical than at any time in the past. The last change was a reduction of 25 cents per barrel and it is possible that either further reductions may be made or increases again put in effect. We believe it advisable to establish if possible a procedure whereby changes in rates with the change in the price of oil may be made without the delay necessary with formal hearings. Such a method is urged by certain of the utilities and has been followed by Commissions in other states. A study of the Public Utilities Act relative to this matter leads to the conclusion that a procedure whereby the rates might be fixed so as to vary with the price of oil will be in accordance with the Act.

Applicant urges that it has failed to earn the return found reasonable by the Commission due to the lag between the increase in price of oil and the time rates have been fixed and that the company should have a chance, with possible reducing costs, to make up the deficits heretofore incurred. If the method of varying the rates immediately upon the change in the price of oil is put into effect it is apparent that applicant cannot make up, thru the lag in the reducing of rates, the deficits below a reasonable return heretofore incurred due to increases in oil costs. In view of this fact it appears just and equitable to allow applicant to collect during the coming year sufficient to reimburse it for the increase in price of oil since July 1920 not reflected in the rates now in effect.

We are not convinced that applicant is entitled to more than a fair return because it is purchasing oil below the market price. A company the size of applicant is expected, if it receives a reasonable return, to exercise good business judgment, and the present favorable contract would not we believe

justify special compensation.

We cannot agree with Mr. Dailey's suggestion of reimbursement for increase of oil costs since July 1920, not accounted for in existing rates, amounting to \$236,500, nor with applicant's request for reimbursement for deficits below the reasonable return for 1918 to 1921 inclusive. It is our opinion that applicant is reasonably entitled to reimbursement for the deficit resulting from increase in price paid for oil of 12¢ per barrel from and after September 11, 1920, being the date of filing this application. This deficit since September 11, 1920 amounts to approximately \$192,830.

Applicant will be authorized herein to collect, commencing with the effective date of this Order, the sum of 2¢ per thousand cubic feet under Schedules Nos. 1, 3, 4, 5, 6, 7, 8 and 9 for such time thereafter as will be necessary for the collection of a total sum of \$192,830, this to represent reimbursement for the cost of oil not heretofore covered as above specified. Schedule No. 2 already includes the necessary provision whereby the rate is automatically varied with changes in the price of oil.

Analysis of the operations of applicant's eighteen gas plants shows that the differential in the cost of gas per thousand sold varies from approximately 2¢ per 10¢ variation in the price of oil in the San Francisco and Alameda districts to 3-1/3¢ in one of the smallest communities, the average variation in the cities of Sacramento and Fresno being approximately 2.4¢, and for the districts listed under Schedule No. 8, 3.0¢. Schedule No. 2 has heretofore contained an oil clause by which the rate was based on the price of oil from time to time. It is impracticable to make a different rate of change per change in price of oil in the several communities listed under a given schedule. A uniform rate of variation under each schedule which will approximate the average change per given 10¢ change in price of oil will be made. We find the following changes in the price of gas per 10¢ change in the price of oil to be reasonable:

Change in Cost of Gas per 1,000 Cu. Ft. sold
with 10¢ per bbl. change in cost of oil.

Sched.	G-1	- San Francisco-Alameda Districts	- 2¢	per M cu.ft. sold				
"	G-2	- City of Palo Alto	- 2¢	"	"	"	"	"
"	G-3	- Fresno and Sacramento Districts	- 2.4¢	"	"	"	"	"
"	G-4	- Peninsula Dist. and Alameda Rural Dist.	- 2.2¢	"	"	"	"	"
"	G-5	- Vallejo	- 2.5¢	"	"	"	"	"
"	G-6	- Marin District	- 2.5¢	"	"	"	"	"
"	G-7	- Cities of Chico, Marysville, Yuba City, Napa, Santa Rosa, Petaluma and adjacent territory	- 2.8¢	"	"	"	"	"
"	G-8	- Cities of Colusa, Oroville, Woodland, Davis, Nevada City, Grass Valley, Redding, Red Bluff, Willows, Los Gatos and adjacent territory	- 3¢	"	"	"	"	"
"	G-9	- City of San Jose & Adj. territory	- 2.2¢	"	"	"	"	"

The reduction in the price of oil of 25¢ per barrel to applicant is equivalent to an average reduction in the cost of gas of 5.1¢ per 1,000 cubic feet sold, and when modified to account for the resultant reduction in the tax estimate will equal 5.55¢ per 1,000 cu. ft. sold, or a total on the annual basis used in Decision No. 8813 of \$595,000 of the total increase authorized of \$840,000 per annum, or 7.8¢ per 1,000 cubic feet.

The following sets forth a revision of Table No. III in Decision No. 8813 based on the present cost of oil to applicant and state taxes revised as heretofore set forth. Federal income tax is estimated to be the amount which would be paid on the income heretofore found reasonable:

PACIFIC GAS AND ELECTRIC COMPANY
Gas Department.

ESTIMATES OF REVENUE AND EXPENSES UNDER
EXISTING RATES -- 1920 BASIS.

Gas Sales - M cu.ft.	10,775,000
Gross Revenue	\$11,670,000
Expenses:	
Maintenance	\$ 700,000
Oil	3,850,000
Other expense incl. Elec. Energy	2,700,000
General administration	309,000
Taxes	930,000
Fire and Casualty Insurance	47,050
Uncollectible Bills	35,000
Total Expense	<u>\$ 8,571,050</u>
Balance for Depreciation and Return	\$ 3,098,950

(Brt. Fwd.) Balance for Depr. & Return	\$3,098,950
Comparable amount found to be reasonable in Decis. Nos. 7787 and 8813	\$3,238,536
Deficit below amount found reasonable	\$ 139,586

The reduction in the price of oil of 25 cents per barrel makes necessary a modification in the schedules heretofore fixed in Decision No. 8813. A segregation is made of the smaller communities in view of the fact that under the higher price of oil heretofore in effect it was not possible in these districts to allow a reasonable return upon the investment. With the reduction in oil price, however, and the change in the method of applying rates to account for the variation in the price of oil, the changes herein made, which will allow a somewhat greater return in the smaller communities, are found just and reasonable. In the Order herein the schedules as set forth are based upon prices of oil as in effect at the various plants on June 1st, 1921

San Francisco	\$1.68	per	bb1.
Alameda County	1.68	"	"
Sacramento and Fresno	1.97	"	"
Vallejo	1.76	"	"
San Rafael	1.78	"	"
Chico	2.21	"	"
Marysville	2.08	"	"
Napa	1.78	"	"
Santa Rosa	1.97	"	"
Colusa	2.29	"	"
Oroville	2.33	"	"
Nevada City	2.91	"	"
Redding	2.34	"	"
Red Bluff	2.34	"	"
Willows	2.29	"	"
Los Gatos	2.23	"	"
San Jose	2.08	"	"

The variable charges as set forth in the schedules are to apply in case the price of oil increases above or decreases below the

prices above.

O R D E R

The Cities of San Francisco, Oakland, Fresno, Sacramento, San Jose, Berkeley, Alameda, Richmond, Chico, Petaluma, Vallejo, Piedmont, Los Gatos, San Leandro, Oroville, Napa, San Mateo, El Cerrito and Emeryville having applied for a rehearing in the above entitled matter, hearing having been held for the submission of argument on the question of rehearing and further hearing having been held for the introduction of evidence relative to the change in the price of oil, and the matter now being submitted and ready for decision,

The Railroad Commission hereby finds as a fact that the rates heretofore fixed in Decision No. 8813 should be modified to conform with the schedules herein set forth; that the rates herein set forth are just and reasonable rates to be charged by Pacific Gas and Electric Company.

It hereby further finds as a fact that it is just and reasonable that Pacific Gas and Electric Company collect from its consumers in addition to the rate schedules herein set forth, except Schedule No. 2, the sum of 2¢ per 1,000 cu.ft. until such time as it has been reimbursed by the amount of \$192,830.

Basing its Order on the foregoing findings of fact and on the other findings of fact contained in the Opinion which precedes this Order and the other findings of fact set forth in Decision No. 8813 as modified herein,

IT IS HEREBY ORDERED that Pacific Gas and Electric Company be, and the same is, hereby authorized to charge and collect for gas service rendered in the various communities

served, based upon all regular meter readings taken on and after the first day of August, 1921, the following schedules:

SCHEDULE G-1

CHARACTER OF SERVICE:

Gas of an average heating value of 550 B.T.U. per cubic foot will be supplied under this schedule for light, heat and power service.

TERRITORY:

This rate applies in the City and County of San Francisco, and to the following localities within the Alameda County District: Alameda, Albany, Berkeley, Emeryville, Oakland, Piedmont and contiguous suburban territory.

RATE:

On the basis of monthly consumption of gas per meter.

\$1.07	per	1,000	cu.ft.	for	the	first	10,000	cu.ft.
.96	"	"	"	"	"	next	20,000	"
.90	"	"	"	"	"	"	40,000	"
.85	"	"	"	"	"	"	80,000	"
.80	"	"	"	"	"	"	150,000	"
.75	"	"	"	"	"	all over	300,000	"

The above rates are subject to increase or decrease on the basis of 2¢ per 1,000 cu.ft. for each 10¢ increase or decrease respectively in the cost of oil above or below the price paid for oil effective on June 1, 1921 upon approval of the Railroad Commission of the State of California. Change to be to the nearest one cent.

MINIMUM CHARGE:

Minimum monthly charge for domestic service for flats and apartments where four (4) or more meters are continuously served in one location and on one service, 70 cents per meter.

Minimum monthly charge for domestic and commercial service other than the above, 80 cents per meter.

SCHEDULE G-2

CHARACTER OF SERVICE:

On the basis of monthly consumption of gas as measured at the point of delivery to the City of Palo Alto at or near the compression tanks of the City. Gas will be of approximately 530 B.T.U. per cu.ft.

TERRITORY:

This rate applies only to gas sold at wholesale to the City of Palo Alto.

RATE:

\$.62 per 1,000 cu.ft. for the first 5,000,000 cu.ft. per mo.
.40 " " " " all over 5,000,000 cu.ft. per mo.
plus 2¢ per 1,000 cu.ft. for all gas consumed for each 10 cents per barrel that the average price of oil at the Potrero Plant of the Company exceeds \$1.00 per barrel.

TERMS AND CONDITIONS:

A cubic foot of gas is hereby defined as that volume of gas occupying the space of one cubic foot at a temperature of sixty (60) degrees Fahrenheit, and at a pressure of four inches of water above atmospheric pressure, the atmospheric pressure being taken at the pressure equivalent to a thirty-inch column of mercury.

SCHEDULE G-3

CHARACTER OF SERVICE:

Gas of an average heating value of 570 B.T.U. per cubic foot will be applied under this schedule for light, heat and power service.

TERRITORY:

This rate applies to the following localities: City of Sacramento and suburbs, City of Fresno and Suburbs.

SCHEDULE G-3. (Cont'd)

RATE:

On the basis of monthly consumption per meter.

\$.80	for the first 500 cu.ft. or less						
1.32	per 1,000 cu.ft. for the next	4,500	cu.ft.				
1.15	" " " " " "	5,000	"				
1.00	" " " " " "	10,000	"				
.90	" " " " all over	20,000	"				

The above rates are subject to increase or decrease on the basis of 2.4¢ per 1,000 cu.ft. for each 10¢ increase or decrease respectively in the cost of oil above or below the price paid for oil effective on June 1, 1921 upon approval of the Railroad Commission of the State of California. Change to be to the nearest one cent.

SCHEDULE G-4

CHARACTER OF SERVICE:

Gas of an average heating value of approximately 535 B.T.U. per cubic foot will be supplied under this schedule for light, heat and power service.

TERRITORY:

This rate applies to the following localities:

(1) Within the Alameda County District, Hayward, San Leandro, Richmond and contiguous suburban territory.

(2) Within the Redwood district, Daly City, Burlingame, Hillsborough, Redwood City, San Mateo, South San Francisco and contiguous suburban territory.

This rate does not apply to gas served in the City of Palo Alto for redistribution.

RATE:

On the basis of monthly consumption per meter.

\$.80	for the first 500 cu.ft. or less						
1.35	per 1,000 cu.ft. for the next	4,500	cu.ft.				
1.20	" " " " " "	5,000	"				
1.05	" " " " " "	10,000	"				
.95	" " " " " "	20,000	"				
.90	" " " " all over	40,000	"				

The above rates are subject to increase or decrease on the basis of 2.2¢ per 1,000 cu.ft. for each 10¢ in-

SCHEDULE G-4 (Cont'd)

crease or decrease respectively in the cost of oil above or below the price paid for oil effective on June 1, 1921 upon approval of the Railroad Commission of the State of California. Change to be to the nearest one cent.

SCHEDULE G-5

CHARACTER OF SERVICE:

Gas of an average heating value of 570 B.T.U. per cubic foot will be supplied under this schedule for light, heat and power service.

TERRITORY:

This rate applies to the following localities: City of Vallejo and suburbs.

RATE:

On the basis of monthly consumption per meter.

\$.80	for the first 400 cu.ft. or less	
1.55	per 1,000 cu.ft. for the next	4,600 cu.ft.
1.20	" " " " " "	5,000 "
1.00	" " " " " "	10,000 "
.90	" " " " all over	20,000 "

The above rates are subject to increase or decrease on the basis of 2.5¢ per 1,000 cu.ft. for each 10¢ increase or decrease respectively in the cost of oil above or below the price paid for oil effective on June 1, 1921 upon approval of the Railroad Commission of the State of California. Change to be to the nearest one cent.

SCHEDULE G-6

CHARACTER OF SERVICE:

Gas of an average heating value of 570 B.T.U. per cubic foot will be supplied under this schedule for light, heat and power service.

SCHEDULE G-6 (Cont'd)

TERRITORY:

This rate applies to the following localities within Marin district: San Rafael, San Anselmo, Fairfax, Ross, Kentfield, Larkspur, San Quentin and contiguous suburban territory.

RATE:

On the basis of monthly consumption per meter.

\$.80	for the first 400 cu.ft. or less						
1.80	per 1,000 cu.ft. for the next	4,500	cu.ft.				
1.30	" " " " " "	5,000	"				
1.10	" " " " " "	10,000	"				
.95	" " " " all over	20,000	"				

The above rates are subject to increase or decrease on the basis of 2.5% per 1,000 cu.ft. for each 10% increase or decrease respectively in the cost of oil above or below the price paid for oil effective on June 1, 1921 upon approval of the Railroad Commission of the State of California. Change to be to the nearest one cent.

SCHEDULE G-7

CHARACTER OF SERVICE:

Gas of an average heating value of 570 B.T.U. per cubic foot will be supplied under this schedule for light heat and power service.

TERRITORY:

This rate applies in the following localities:

Chico District--City of Chico and suburbs.
City of Marysville, Yuba City and suburbs.
Napa District--City of Napa and suburbs.
Petaluma District--City of Petaluma and suburbs.
Santa Rosa District--Santa Rosa, Sebastopol and contiguous suburban territory.

RATE:

On the basis of monthly consumption per meter.

\$1.00	for the first 500 cu.ft. or less						
1.80	per 1,000 cu.ft. for the next	4,500	cu.ft.				
1.40	" " " " " "	5,000	"				
1.15	" " " " " "	10,000	"				
1.00	" " " " all over	20,000	"				

SCHEDULE G-7 (Cont'd)

RATE: (Cont'd)

The above rates are subject to increase or decrease on the basis of 2.8¢ per 1,000 cu.ft. for each 10¢ increase or decrease respectively in the cost of oil above or below the price paid for oil effective on June 1, 1921 upon approval of the Railroad Commission of the State of California. Change to be to the nearest one cent.

SCHEDULE G-8

CHARACTER OF SERVICE:

Gas of an average heating value of 570 B.T.U. per cubic foot will be supplied under this schedule for light, heat and power service.

TERRITORY:

This rate applies in the following localities:

City of Colusa and suburbs, City of Oroville, Orovieta and suburbs.
Nevada District--Grass Valley, Nevada City and suburbs.
Northern District--Redding and suburbs, Red Bluff and suburbs, Willows and suburbs.
City of Los Gatos and suburbs.
City of Woodland and suburbs.
City of Davis.

RATE:

On the basis of monthly consumption per meter.

\$1.00	for the first 500 cu.ft. or less
1.85	per 1,000 cu.ft. for the next 4,500 cu.ft.
1.50	" " " " " " 5,000 "
1.20	" " " " " " 10,000 "
1.10	" " " " all over 20,000 "

The above rates are subject to increase or decrease on the basis of 3¢ per 1,000 cu.ft. for each 10¢ increase or decrease respectively in the cost of oil above or below the price paid for oil effective on June 1, 1921 upon approval of the Railroad Commission of the State of California. Change to be to the nearest one cent.

SCHEDULE G-9

CHARACTER OF SERVICE:

Gas of an average heating value of approximately 540 B. T. U. per cubic foot will be supplied under this schedule for light, heat and power service.

TERRITORY:

This rate applies in the City of San Jose and suburbs.

RATE:

On the basis of monthly consumption per meter.

\$.80	for the first 500 cu. ft. or less
1.30	per 1,000 cu. ft. for the next 4,500 cu. ft.
1.10	" " " " " " " 5,000 " "
1.00	" " " " " " " 10,000 " "
.90	" " " " " " all over 20,000 " "

The above rates are subject to increase or decrease on the basis of 2.2¢ per 1,000 cu. ft. for each 10¢ increase or decrease respectively in the cost of oil above or below the price paid for oil effective on June 1, 1921 upon approval of the Railroad Commission of the State of California. Change to be to the nearest one cent.

IT IS HEREBY FURTHER ORDERED that in case of a reduction in the price paid for oil, the Pacific Gas and Electric Company shall file within 10 days thereafter an affidavit setting forth the new price paid for oil and shall thereafter, upon supplemental order of the Commission in this proceeding, charge the reduced rates as determined under the schedules herein set forth.

IT IS HEREBY FURTHER ORDERED that, should at any time an increase in price paid for oil occur, applicant may, after filing affidavit of such increase and receiving a supplemental order from this Commission so authorizing, charge the increase in rates as determined under the schedules herein set forth.

IT IS HEREBY FURTHER ORDERED that Pacific Gas and Electric Company be, and the same is, hereby authorized to charge and collect, in addition to the schedules of rates herein set forth, a charge of 2 cents per thousand cubic feet for all gas sold based upon meter readings taken on and after the first day of August, 1921, until such time as it has collected there-

71

under the total sum of \$192,830.

IT IS HEREBY FURTHER ORDERED that Pacific Gas and Electric Company shall file with the Commission on or before August 1, 1921, the schedules or rates and charges herein set forth.

IT IS HEREBY FURTHER ORDERED that Pacific Gas and Electric Company shall file with the Commission on or before September 20, 1921, and on or before the twentieth day of each month thereafter, a statement showing the total gas sales during the preceding calendar month as long as it is collecting the additional charge of 2¢ per 1,000 cu. ft. herein authorized.

IT IS HEREBY FURTHER ORDERED that the petitions for rehearing filed by the Cities of San Francisco, Oakland, Fresno, Sacramento, San Jose, Berkeley, Alameda, Richmond, Chico, Petaluma, Vallejo, Piedmont, Los Gatos, San Leandro, Oroville, Napa, San Mateo, El Cerrito and Emeryville be, and the same are, hereby denied.

Dated at San Francisco, California, this 21st day of June, 1921.

H. W. Brundage
H. W. Brundage

J. H. [Signature]
J. H. [Signature]
Commissioners.