

ORIGINAL

Decision No. 42675

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SOUTHERN CALIFORNIA GAS COMPANY for
a general increase in gas rates under
Section 63(a) of the Public Utilities
Act.

Application No. 30299

T. J. Reynolds, Milford Springer and W. W. Clary, for applicant;
Roger Arnebergh, K. Charles Bean and T. M. Chubb, for City of
Los Angeles; H. Burton Noble, for City of Pasadena; H. R.
Griffin, for City of San Bernardino; Archie L. Walters, for
City of Burbank; Emmet A. Tompkins, for City of Alhambra;
Woodward M. Taylor, for City of San Marino; John H. Lauten and
Henry McClernan, for City of Glendale; Roger Arnebergh and
Clarence Winder, for cities of Beverly Hills, Burbank, El Segundo,
Gardena, Glendale, Inglewood, Manhattan Beach, Monterey Park,
Pasadena, San Fernando, San Marino, South Gate, and South Pasadena;
J. J. Deuel and Edison Abel, for California Farm Bureau Federation;
Brobeck, Phleger and Harrison, by George D. Rives, and George
Kinsman, for California Manufacturers Association; C. J. Lewis
and Paul Hormuth, for Utility Workers Union of America, C.I.O.;
A. B. Starr for 11th Naval District; Stanley A. Furman, for
Public Housing Administration, for Housing Authority, City of
Los Angeles, and for Housing Authority, County of San Bernardino;
W. D. MacKay and L. H. Stewart, for Torrance Brass Foundry.

INTERIM OPINION

By the above-entitled application filed May 9, 1949, as amended October 10, 1949, Southern California Gas Company seeks an increase of \$16,700,000 annually in its rates and charges for natural gas service.

Public hearings were held at Los Angeles on October 10, 13, and 14, 1949, before Commissioner Huls and Examiner O'Brien, on which dates applicant's case was presented and certain cross-examination for clarification undertaken by the parties.

Subsequently, on October 28, 1949, applicant filed a supplemental application seeking an immediate grant of interim rates without further hearing. The Commission, however, set a hearing on the request for interim rates for December 5, at which time applicant presented further evidence in support of its request. Applicant's witnesses thereafter were cross-examined on December 6, 7, 8, and 9, and on the

latter date certain evidence was presented by the Commission staff in relationship to applicant's request for interim rates. Cross-examination of the company's witnesses was continued on December 10, and certain evidence was introduced by the representatives of the California Manufacturers Association.

The hearing in the main proceeding is set upon the calendar beginning April 3, 1950, for further cross-examination and receipt of evidence to be offered by the interested parties and the Commission staff. The petition for interim rates was taken under advisement at the hearing on December 10, following oral argument on this phase of the proceeding.

In its argument in support of an interim grant of rate increases, applicant stressed the decline in net earnings occurring during a period of prosperity and expansion. It asks for prompt relief because of the seasonal nature of the business, the bulk of net revenue occurring during the cold winter months, contending that a delay until the entire case is complete would delay in effect substantial relief for almost an entire year.

Counsel for protestants, City of Los Angeles, and 14 other cities served by applicant in the Los Angeles area, emphasized the need for a proper adjustment of depreciation practices and reserves to a more realistic method, and argued that the record did not show a sufficient emergency to grant an interim increase.

The California Manufacturers Association argued that an interim increase, if granted, should not include any increase in the interruptible industrial rates, pointing out that substantial increases had already occurred owing to the operation of the fuel oil clause provision in the tariff. It was also urged that firm industrial rates be not increased until other firm rates had been increased to the same degree that the firm industrial rates had increased, which is about 20%.

since 1945. A representative of certain industrial customers concurred, and further moved that the Commission exercise its jurisdiction under Section 2, Paragraph 7, of the Public Utilities Act to control the operations of the pipe-line facilities of Pacific Lighting Corporation. The latter motion will be reserved for consideration in the final decision herein.

MOTION BY APPLICANT TO STRIKE CERTAIN EXHIBITS

Exhibits 56, 57, 60, and 61 were presented by the staff of the Commission and were received in evidence subject to applicant's motion to strike. Said motion to strike is hereby denied for the reasons hereinafter set out.

Exhibits 56 and 57 relate to the Pacific Lighting Corporation, which is the parent of applicant, the former owning the entire outstanding common stock of the latter and 67.40% of the total voting power of applicant's equity securities. These two exhibits contain financial data concerning Pacific Lighting Corporation from which various rates of return have been computed for the year 1948. These data show that Pacific Lighting earned an excessive rate of return, which indicates that its income has been excessive. The parent company sells gas to applicant and the deduction or inference to be drawn from these two exhibits is that Pacific is charging applicant an excessive price for the gas it sells to the latter. Such being the fact, the Commission is obligated to make an equitable adjustment in applicant's operating expense to offset such excessive charge for gas sold to applicant. The evidence reflected by Exhibits 56 and 57 is clearly admissible. The price charged for a commodity or service furnished by one affiliate to another or by a dominating parent corporation to a subsidiary is not binding upon a regulatory body or the rate-payers of such purchasing affiliate or subsidiary. In such circumstances, the

burden is upon the utility to prove that the charge made against it for the commodity or the service is just, fair, and reasonable. Therefore, any evidence bearing upon the reasonableness of the charge in question is admissible. That the evidence reflected by these two exhibits is competent and material is elementary. (Dayton Power & Light Co. v. Public Utilities Commission, 292 U.S. 290, 295, 307-308, 78 L. ed. 1267, 1273, 1279; Western Distributing Company v. Public Service Commission, 285 U.S. 119, 123-125, 76 L. ed. 655, 658; Lindheimer v. Illinois Bell Telephone Company, 292 U.S. 151, 155-157, 78 L. ed. 1182; 1187; Smith v. Illinois Bell Telephone Company, 282 U.S. 133, 152-153, 156-157, 75 L. ed. 255, 265, 267-268.) This Commission has followed the principle, enunciated above, in The Pacific Telephone and Telegraph Company rate proceedings. (In re Pacific Telephone and Telegraph Company, Decision No. 43145 in Application No. 29854, rendered July 26, 1949 _____ Cal. P.U.C. _____; Decision No. 42530 in Application No. 29854, rendered February 23, 1949, _____ Cal. P.U.C. _____; Decision No. 42529 in Application No. 28211, rendered February 23, 1949, _____ Cal. P.U.C. _____; Decision No. 41416 in Application No. 28211, rendered April 6, 1948, 48 Cal. P.U.C. 1, 13-15.)

Exhibits 60 and 61 reflect financial data and results of operation of applicant. That such evidence is admissible is beyond legal doubt. However, applicant contends that the use of its book depreciation reserve to arrive at a depreciated rate base, as reflected in these two exhibits, is contrary to law. The cases cited by applicant do not so hold. In a rate proceeding, the burden is upon the utility to show that its charges to expense for depreciation are not excessive. (Lindheimer v. Illinois Bell Telephone Company, 292 U.S. 151, 169, 78 L. ed. 1182, 1194; New York Telephone Company v. Prendergast (3-Judge statutory court), 36 Fed. (2d) 54, 66.) Similar

treatment to that here accorded was accorded this applicant by the Commission in Decision No. 25348, 38 C.R.C. 226, 231. It is elementary that the books of account of applicant are admissible against it. It is not competent for applicant to say that its book reserve for depreciation is false and, for such reason, is inadmissible in evidence. It may say so but such does not render the same inadmissible. As pointed out in the New York Telephone Company decision, supra, and in Decision No. 25348 of this Commission, supra, the reserve for depreciation, as reflected by the books of a utility, is competent and material evidence in proving actual depreciation. If the book reserve does not truly reflect the actual depreciation, the burden is upon the utility to show what the true depreciation is and not upon the regulatory body or the rate-payer to do so. Of course, the regulatory body, if it so desires, may question the integrity of the book reserve and the evidence of the utility to support the integrity of such reserve. In other words, neither the regulatory body nor the rate-payer is concluded by the book reserve figure on depreciation, the burden always being upon the utility to prove that such figure is not excessive. But there is no rule of law that prohibits a regulatory body from adopting the book reserve figure, if it finds that such adoption is fair and equitable to the utility and the rate-payer. We find that the use of the depreciation figure reflected by Exhibits 60 and 61 was and is justified by the facts of record and that said exhibits are competent and material evidence.

EARNINGS OF SOUTHERN CALIFORNIA GAS COMPANY

In addition to presenting earnings for past periods, including the latest actual 12 months, applicant has presented estimates for 1949 and 1950 indicating a downward trend in earnings. In considering whether an interim grant of rate increases is justified, the Commission

in this case will not consider the estimates other than in general as indicating a downward trend, since the estimates are necessarily forecasts and the evidence to be presented by the protestants and the Commission staff is not yet before the Commission.

The latest actual results are for the 12 months ending October 31, 1949. Evidence was presented both by applicant and the Commission staff for this period, with not greatly differing results as to the actual recorded figures, but some difference as to depreciation expense, working cash and certain other items. The two compare as follows:

12 Months Ended October 31, 1949, Actual			
	: Company Exhibit 50:	Staff Exhibit 61	
	: Undepreciated	: Undepreciated:	: Depreciated :
	: Base	: Base	: Base *
Operating Revenues	\$ 77,025,739	\$ 76,998,173	\$ 76,998,173
Operating Expenses	53,084,162	53,993,578	53,993,578
Depreciation	3,233,520	3,233,521	6,888,521
Taxes	10,223,059	9,362,526	9,362,526
Net Revenue	10,484,998	10,408,548	6,753,548
Rate Base	221,214,422	216,600,000	143,500,000
Rate of Return	4.74%	4.81%	4.71%

* Reflecting depreciation interest as an operating expense and the deduction of book reserve from the undepreciated rate base.

A new classification of accounts for gas corporations became effective January 1, 1949. The company statement is made up on the basis of the old and new accounts, as effective, while the staff statement is on the basis of the new accounts.

Temperature Adjustment

Applicant adjusted the recorded operating results to reflect average temperature conditions, and for certain other factors which will be discussed herein. Preliminary figures were entered in the record also by the Commission staff to reflect average temperatures,

with the tentative conclusion that the adjustment as proposed by applicant was not unreasonable. The record indicates the early months of 1949 were among the coldest on record and that substantially lower domestic sales would have occurred in a winter of average temperatures. Partially offsetting the decreased domestic sales would be the revenues from the release of gas for industrial uses. The net of these two effects for the 12 months ending October 31, 1949, is tentatively estimated by the staff as an overall reduction of \$2,498,000 in gross revenues.

Adjustment to Uniform Fuel Oil Price

Applicant presented evidence that during the 12-month period ended October 31, 1949, revenues from industrial sales were substantially higher than may be expected for the immediate future since fuel oil has been reduced to a posted price of \$1.30 per barrel in Los Angeles, as distinguished from substantially higher prices in the earlier part of the period. The Commission will accept applicant's reduction of gross revenues of \$2,911,000 on this account.

Wage Levels and Industrial Priority Losses

Increases in wages were placed in effect in March, 1949. Had this wage level been effective for the entire 12 months, expenses would have been \$307,000 higher. Furthermore, the applicant points out that losses from the transfer of industrial customers to lower priority schedules have progressively increased during the year, and that revenues should be reduced by \$547,000 to reflect properly the level of these revenues as it existed on October 31, 1949. For the purpose of adjusting this 12-month period to base a conclusion as to interim relief for the immediate future, these changes will be made.

Cost of Gas Sold to Applicant by Pacific Lighting Corporation

As has been stated, Pacific Lighting Corporation controls the Southern California Gas Company. Pacific Lighting also operates a

natural gas pipe-line system. It engages in the purchase of natural gas in various fields in California, and in the transmission and sale of such gas to its subsidiaries, Southern California Gas Company and Southern Counties Gas Company of California, at various points, the compression and exchange of gas, and the operation of an underground gas storage field at Goleta. In addition, Pacific Lighting Corporation maintains that certain general services are rendered by it to its subsidiary corporations.

The evidence shows that the rates charged the subsidiary companies for natural gas sales have been sufficient to maintain the earnings of the parent company on this business on the "high side" for a number of years past. The figures for 1948 indicate earnings in excess of a fair return. The record shows that the vice president and general manager of the Pacific Lighting Corporation's pipe-line department is also employed by the Southern California Gas Company and the Southern Counties Gas Company. The gas dispatcher is a joint employee. The vice president of the Southern California Gas Company, whose normal duties include the negotiation of purchased gas rate contracts, testified that he did not know of the negotiations as to the increase of two cents per Mcf, effective August 1, 1948, in the price paid for gas purchased from Pacific Lighting Corporation. Applicant's attorney stated that applicant offered the increase to Pacific Lighting, since it believed it only fair to do so, in view of the increase in price to producers. Such a contracting practice reflects little of the buying and selling attributes pertaining to "arm's length" bargaining.

Many of the fields from which Pacific Lighting Corporation pipes gas are also reached by lines of the Southern California Gas Company and Southern Counties Gas Company. Most of the pipe lines of Pacific Lighting Corporation are paralleled by lines of Southern California Gas Company or Southern Counties Gas Company. The Southern

California Gas Company operates two fields in its system by means of which gas can be stored in the summer time and withdrawn in the winter time for peak demands in a manner similar to that relating to the field owned by Pacific Lighting Corporation.

The Pacific Lighting Corporation accrues its depreciation expense on a straight-line basis using the remaining life method. It also uses this method for computing depreciation in connection with its income tax accruals and for its income tax payments.

The last actual results of operation of the Pacific Lighting Corporation shown in the record are for the year 1948. Applicant's witness, using an estimate of income taxes and an estimate of sinking fund depreciation annuity, indicates an earning of 7.37% to 9.62% for Pacific Lighting Corporation on various bases. Through exhibits employing the straight-line method, which was accepted by applicant's witness as a recognized method of showing rate of return, and utilizing the actual straight-line depreciation accrual and reserve entered on the books, an earning of 16.3% on a depreciated rate base is shown. All the corporate expenses of Pacific Lighting Corporation are included. Some of these can properly be questioned as applicable to cost of gas, if indeed they are properly chargeable at all. The record also indicates a decided reduction in depreciation expense charges has been made in 1949.

Accepting the results as shown by Exhibits 56 and 57, however, and considering the interim relief hereafter to be accorded to Southern California Gas Company, a reduction of costs of 2.51 cents per Mcf for gas purchased by applicant from Pacific Lighting Corporation should be made. In considering the plea of Southern California Gas Company for emergency rate relief, we must consider this affiliated relationship and give proper recognition to that fact and make an adjustment accordingly. Pacific Lighting Corporation should assist in this emergency

by volunteering a reduction in charges to its operating companies to offset these excessive earnings. A reduction of \$1,405,000 in cost of gas purchased from Pacific Lighting Corporation will be made for the test period herein used.

Depreciation Expense

The record shows several sets of annual depreciation expense accruals among which are (1) the sinking fund accrual per books, (2) sinking fund annuity based upon applicant's revised lives, (3) the straight-line accrual upon which federal income payments are based, and (4) the straight-line accrual upon which the applicant has estimated federal income tax accruals for rate purposes. The depreciation accrual for income tax will be considered in a subsequent section.

The Commission staff in its Exhibit 62 shows the depreciation expense as recorded on the books for the 12 months ending October 31, 1949, to be \$6,780,073. This is the sum of a 5% annuity, together with interest at the rate of 5% on the reserve balance, the combined total being entered on the books of the company as a charge to depreciation expense, Account 503-1.

In the rate of return exhibit of the Commission staff (Exhibit 61), the earning summary using a depreciated rate base includes as depreciation expense the book annuity but a somewhat larger amount of interest, the total being \$6,888,521. This larger amount of interest reflects the fact that whereas the company, as of December 31, 1947, ceased accruing depreciation for gas plant capital and in determining the base for interest credits to depreciation reserve during 1948 and 1949 has deducted from its book reserve the total amount of gas plant depreciable capital, the Commission staff, in Exhibit 61, utilized the October 31, 1948, book reserve adjusted to exclude only the estimated amount in the reserve applicable to the properties to be retired.

The manufactured gas production facilities formerly were maintained as standby. During the war, the Aliso and Macy Street plants were leased to and operated for the U.S. Government to produce butadiene. The plants are at present nonoperative, and it is planned to retire the major part of these facilities at an early date. Neither applicant nor the Commission staff has included these facilities in rate base.

The company's procedure has resulted in underaccruals to depreciation reserve during 1948 and 1949 in respect to its manufactured gas production capital, and applicant should correct its accounting by appropriate adjustments.

The record shows the desirability of revising the depreciation practices of the company. This will be considered herein, subsequently. For the purpose of the interim rate order, the depreciation allowance shown by the Commission staff in Exhibit 61 will be adopted.

Contingency and Other Reserves

In considering the recorded book figures for the 12 months ended October 31, 1949, it must be pointed out that in certain instances the expenses as recorded are not actual payments but accruals to reserves in anticipation of future charges. The largest reserve, of course, is the depreciation reserve, which will be separately considered. Other reserves include:

	Balances <u>10-31-49</u>
Contingency Reserve	\$2,446,309
Insurance Reserve	1,334,407
Injuries and Damages Reserve	1,132,225

The reserving of such amounts through charges to expense is proper if reasonable provisions are made. In this order, we will allow the accruals to the insurance and injuries and damages reserves as recorded. In reference to the reserve covering franchise taxes in

dispute in Los Angeles County, the reserve accumulated over past years now totals \$954,097. One half of the 1949 accruals covering amounts in dispute will be included in the test period results.

As to the contingency reserve, the record shows tax payments have been based on larger deductions for depreciation expense than have the tax accruals charged to operation. The difference over the years has been credited to a contingency reserve. As settlements with the United States Treasury Department have been effected through compromise, over-accruals have been transferred from the reserve to the company's surplus. Such a transfer was made in November, 1947, in the amount of \$621,366. The tax payment for 1948 was computed on a depreciation accrual basis of 3.2% of distribution capital while the accrual proposed for rate purposes is 2.50% of such capital. Some reduction in the depreciation allowed for income tax purposes appears probable in view of applicant's proposal to lengthen certain of the sinking fund equivalent lives. A depreciation rate of 3% for distribution capital will be used in computing income taxes herein.

Summary of Adjusted Earnings

A summary of earnings for the 12 months ended October 31, 1949, adjusted in accordance with the preceding discussion, is as follows:

	12 Months Ended October 31, 1949 - Adjusted	
	Undepreciated Base	Depreciated Base
Operating Revenues	\$ 71,042,023	\$ 71,042,023
Operating Expenses	52,841,080	52,841,080
Depreciation	3,233,521	6,888,521
Taxes	6,912,758	6,912,758
Net Revenue	8,054,664	4,399,664
Rate Base	216,600,000	143,500,000
Rate of Return	3.72%	3.07%

IMMEDIATE FINANCIAL NEEDS

The evidence presented at the hearing on the petition for interim rate increases indicates that applicant's net revenues for the 12 months ended October 31, 1949, as adjusted, would not be sufficient to meet the interest and dividend requirements on its securities outstanding at the close of that period. In Exhibit 45, applicant indicates its minimum annual financial requirements to pay interest on bonds and short-term borrowings, dividends on preferred stock, and dividends on common stock at the rate of \$2.40 a share, all based on securities outstanding at the close of the period and not on average amounts, at \$7,737,000. The net revenue for the period, after deducting interest on the depreciation reserve, was \$6,753,548 before adjustment and \$4,399,664 after adjustment.

For the purposes of this interim decision, and based upon a consideration of all the evidence, including the downward trend of earnings, increases in rates aggregating \$5,700,000 in gross revenue on an annual basis will be authorized.

RATE CHANGES

The utility proposed consolidation of many rates and regrouping of customers in order to simplify the schedules. Certain changes proposed appear desirable and have been incorporated in this decision. Others must await consideration in the final decision herein. Certain improvements as to numbering, applicability, zoning, heating value, and schedule arrangement appear desirable and are incorporated in the order herein.

Rate Zoning

The rates for the domestic and small commercial customers are adjusted to reflect partially variations in customer cost as between areas of different densities. A classification into six levels or rate zones is adopted. Los Angeles central area, along with Huntington Park and Vernon, is classified on the lowest rate, Schedule G-1. The northeast and south areas of Los Angeles, along with Alhambra, Burbank, Compton, Glendale, Pasadena and other cities, are placed on Schedule G-2. The northwest area of Los Angeles, along with cities like San Fernando, San Marino, Montebello, and Gardena, is placed on Schedule G-3. In other parts of the system, such as the San Joaquin Valley, Eastern, and Imperial Divisions, the subtransmission distances from the main transmission lines were also considered in classifying cities like Porterville, Palm Springs, and El Centro. There are certain built-up unincorporated communities and fringe areas that may have density and size characteristics approaching those of the incorporated cities. The utility should immediately start to survey all communities where there are 200 or more customers in a group and where the density exceeds 50 customers per mile of line, and be prepared to report on the characteristics, size, and location of such communities at the next hearing on this application.

Space Heating Rate

Customers whose use is principally space heating for human comfort are being placed on special heating rates. These customers use gas only during the winter season and cause the utility to install larger transmission, production and storage facilities than if their use were spread throughout the year. Those customers presently served on the "B" portion of the domestic and small commercial rates will be transferred to this rate on the effective date of the new rate. Any new heating (principal use) customers will be placed on this schedule and not on the general service schedules in the future. Any such customers now on the "A" portion of the present rates are to be surveyed by the company and reclassified as soon as practicable. The "B" portion of the present rate is not being carried forward to the general service schedules. Likewise, the "C" portion of the present rates is not being carried over into the general service schedules except in the Imperial Division and in the butane territory.

The minimum charge for the space heating rate is being set on an 8-months basis (October-May) in order to save the cost to the utility of disconnecting heating customers during the summer months. In case any gas is used during the summer months, such consumption will be billed at only the commodity rates without minimum charge in the months of June, July, August, and September.

Commercial Rates

Commercial rates are prescribed in four schedules. Schedules G-20, G-21 and G-22 are for the commercial customers larger than those normally served under the general service schedules. With these larger customers the "customer cost" component is small compared to the total bill, depending more on size rather than on density or location, so there is not need for as many rate levels as under the general service schedules to reflect cost differentials.

Schedule G-23 is a special system-wide rate for multiple dwellings, housing projects, public and quasi-public institutions, schools, and military camps and establishments. This schedule replaces several former schedules limited to one or more of the types of customers enumerated.

Gas Engine Rates

Gas engine rates are being consolidated into two schedules, G-45 and G-46. Schedule G-45 applies in the Northern, Central, Southern, and Eastern Divisions. Schedule G-46 applies in the San Joaquin Valley and Midway Divisions. Rates for usage in excess of 25 Mcf per month are set somewhat lower in the San Joaquin Valley area because of the greater average usage per customer for agricultural pumping purposes.

Firm Industrial Rates

Present firm industrial rates are being consolidated into one system-wide firm industrial schedule. The minimum is established at \$30 per month, thus limiting this schedule to the larger type of customer. Rate zoning in this class to reflect cost differentials of density or location is not deemed necessary, because the customer cost component is small compared to the total bill and relatively uniform as between customers. During the four winter months (December-March) the rate is being set at 50 cents per Mcf and reflects the higher cost incident to serving gas during the peak-load season. During the eight summer months (April-November) the rate is fixed at 34 cents per Mcf, which rate is not subject to adjustment with changes in the posted price of fuel oil. Customers who can install and use standby equipment and fuel would receive rate advantages under the interruptible class of schedules where such service is available.

Interruptible Industrial Rates

Interruptible rates are consolidated into four schedules. Schedules G-50 and G-51 are set up in the form of a block schedule. Schedule G-50 applies within the Central, Northern, and Southern Divisions and G-51 within the Eastern, San Joaquin Valley, and Midway Divisions. The block form of rate removes a discriminatory condition from the present schedules which enables the customer to secure priority preference by selecting and paying a higher rate level than his usage characteristics warrant. Applicant should accord customers who currently are paying rate premiums such priority protection as they have paid for, after transfer to the new schedule, until June 1, 1950. Schedule G-52 is applicable only within the Imperial Division and segregates customers on the basis of either \$100 monthly minimum or \$1,000 monthly minimum charge.

Schedule G-53 covers the interruptible rates limited to service in stationary central steam boilers, petroleum oil stills and heaters, and smelters and cement kilns which are competitive with fuel oil prices. Customers are segregated on the basis of the amount of the minimum charge. The territory served on this limited interruptible schedule is confined to the Central, Northern, and Southern Divisions.

The applicant seeks a floor under interruptible industrial rates at present oil prices. Pending the final opinion, the above rates will be prescribed without a fuel oil clause, and the parties will be accorded full opportunity to express their views on this subject before the fixing of final rates.

Butane Service

The schedule of rates for butane service remains unchanged as proposed by applicant. The utility should study these rates to determine if this class of business could carry a proportionate share of increase when the final decision is rendered. Also, it should study and report on the advisability of expressing this rate in therms and the reblocking of the rates to parallel more nearly the present blocking of the natural gas general service schedules.

Other Revisions

Other revisions necessary in the tariff schedules at the time the new rates are filed are: (1) an addition to Rule and Regulation No. 2 concerning rate adjustment for heating value of gas, as set forth in Exhibit A attached hereto; (2) an addition to Rule and Regulation No. 19 which will prevent seasonal transfer between schedules to reduce minimum charges; (3) a revision of the title page, table of contents and preliminary statement to comply strictly with General Order No. 96, except that the description of special rate areas and rate maps should be incorporated in the tariff schedules following the rules and regulations; (4) the elimination of statements relative to priority of service from the preliminary statement and rate tariffs and the incorporation of same in brief form in Rule and Regulation No. 23. It is anticipated these revisions will condense the preliminary statement to a single page.

DEPRECIATION PRACTICES

In re Southern California Gas Company in Decision No. 25348, Case 3333, decided November 9, 1932 (38 C.R.C. 231), this Commission considered both the undepreciated and depreciated rate bases. With reference to the depreciated rate base, the Commission stated as follows:

"There are many incidental references in the testimony as to the existence of accrued depreciation. Neither the company nor the Commission's staff was prepared to offer an estimate as to its amount.* Under these circumstances it is reasonable to take as representing this amount the reserve as built up by the utility over the years. A responsible management has certain obligations in this respect; and it must be assumed that the management has neither neglected to provide adequately for the wearing out or retirement of its property or by building up an excessive reserve sought to profit unduly from its consumers under the guise of thus protecting its property and investment. (New York Telephone Co. vs. Prendergast, 36 Fed. (2d) 54.) The company's depreciation or retirement reserve as of August 31, 1932, was \$17,254,243.06. For the purposes of this order a depreciated historical rate base of \$40,350,000 is reasonable and will be used."

In 1939, as a result of studies and conferences participated in by representatives of the company, the City of Los Angeles, and the Commission staff, agreement was reached to write off certain gas manufacturing plant properties no longer needed as standby, and to write off and charge against overaccruals in the depreciation reserve, estimated at \$10,841,000, approximately \$10,095,000 of other capital items. The memorandum summarizing the agreements reached, which was prepared by the Commission staff, transmitted to all parties, and agreed to by the company, contains the following statement:

"All parties agreed that, while it appeared desirable and fully justified to make the depreciation reserve adjustments herein contemplated, it nevertheless was agreed that in the future it was undesirable to change the reserve balances and that every effort should be made to make the annual accruals to that reserve in such amounts that the reserve would be kept in proper balance for depreciation requirements."

In reviewing all of the evidence shown to date in this proceeding as to the several depreciation practices of the Southern California Gas Company, it appears that an intensive study of this problem should be made at once by the applicant to the end that applicant be prepared to submit in evidence such data as it may be able to

*Footnote omitted.

develop by the time of the adjourned hearing herein on April 3. Such presentation should include a plan for depreciation which will provide for the ultimate retirement of existing plant. The plan should also provide for reviews at frequent intervals to keep the annual depreciation accruals in reasonable harmony with requirements in the future.

It should be understood that although the company's direct presentation has been completed, neither the other parties nor the Commission staff as yet has presented evidence, except the certain exhibits in connection with the interim request.

O R D E R

Southern California Gas Company having applied to this Commission for an order authorizing certain increases in rates and charges, and for a grant of interim relief pending final determination of the proceeding, public hearings having been held and argument had on the petition for interim rate increases, and it appearing to this Commission that certain increases are proper on an interim basis,

IT IS HEREBY FOUND AS A FACT that the increases in rates and the changes in rules and conditions authorized herein are justified; therefore,

IT IS HEREBY ORDERED as follows:

1. Applicant is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with General Order No. 96, the schedule of rates, rules, conditions and special rate areas shown in Exhibit A attached hereto and, after not less than five (5) days' notice to the Commission and to the public, to make such rates effective for service furnished on and after February 1, 1950.
2. Applicant shall undertake immediately a study of its depreciation practices, accrual rates, and theoretical reserve requirements, and shall submit a monthly progress report to the Commission beginning February 1, 1950.

3. Applicant shall submit within 15 days from the effective date hereof proposed accounting adjustments to correct the accounting for depreciation accruals on manufactured gas production capital.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 5th day of January, 1950.

A. Z. [Signature]
Justice F. [Signature]
[Signature]
Harold P. [Signature]
[Signature]
Commissioners

Schedule No. G-1

GENERAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to domestic or commercial customers for cooking, water heating, space heating, all year air conditioning, refrigeration or other domestic or commercial uses or any combination thereof, exclusive of service where use is primarily for space heating for human comfort.

TERRITORY

A-(1100 Btu)

Within the incorporated city limits of: Los Angeles City-Central Rate Area (1), Beverly Hills, Huntington Park and Vernon; also, the built-up unincorporated areas of West Hollywood (5) and Fairfax (7). Rate area boundaries are described under the reference numbers in Description of Special Rate Areas.

RATES

Commodity Charge:

Per Customer Per Month
Base and Effective Rates
1100 Btu

First 200 cu.ft. or less.....	\$0.90
Next 2,800 cu.ft., per 100 cu.ft.....	6.02¢
Next 7,000 cu.ft., per 100 cu.ft.....	5.40¢
Over 10,000 cu.ft., per 100 cu.ft.....	5.20¢

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

\$0.90 per customer per month.

SPECIAL CONDITION

If the owner, lessee or operator of apartments or multiple dwellings served by four or more meters billed separately under this schedule, obligates himself to pay all bills for gas service furnished thereto, then the monthly minimum charge shall be \$0.90 multiplied by 50% of the number of such meters installed, but in no event less than \$2.70. No bill shall be rendered for gas delivered through any such meter until and unless at least 200 cubic feet of gas has been so delivered after commencement of service or since the last billing date, as the case may be. The Company shall not be required, under the provisions of this paragraph, to turn off or turn on meters when individual family dwellings are vacated or reoccupied.

Schedule No. C-2

GENERAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to domestic or commercial customers for cooking, water heating, space heating, all year air conditioning, refrigeration or other domestic or commercial uses or any combination thereof, exclusive of service where use is primarily for space heating for human comfort.

TERRITORY

A-(1100 Btu)

Within the incorporated city limits of: Los Angeles City-Northeast Rate Area (2) and the Los Angeles City-South Rate Area (3), Alhambra, Bell, Burbank, Compton, Glendale, Inglewood, Maywood, Pasadena and South Gate; also, the built-up unincorporated area of West Huntington Park (8). Rate area boundaries are described under the reference numbers in Description of Special Rate Areas.

RATES

Commodity Charge:

Per Customer Per Month
Base and Effective Rates
1100 Btu

First 200 cu. ft. or less.....	\$0.90
Next 2,800 cu. ft., per 100 cu.ft.....	6.10¢
Next 7,000 cu. ft., per 100 cu.ft.....	5.60¢
Over 10,000 cu. ft., per 100 cu.ft.....	5.20¢

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

\$0.90 per customer per month.

SPECIAL CONDITION

If the owner, lessor or operator of apartments or multiple dwellings served by four or more meters billed separately under this schedule, obligates himself to pay all bills for gas service furnished thereto, then the monthly minimum charge shall be \$0.90 multiplied by 50% of the number of such meters installed, but in no event less than \$2.70. No bill shall be rendered for gas delivered through any such meter until and unless at least 200 cubic feet of gas has been so delivered after commencement of service or since the last billing date, as the case may be. The Company shall not be required, under the provisions of this paragraph, to turn off or turn on meters when individual family dwellings are vacated or reoccupied.

Schedule No. G-3

GENERAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to domestic or commercial customers for cooking, water heating, space heating, all year air conditioning, refrigeration or other domestic or commercial uses or any combination thereof, exclusive of service where use is primarily for space heating for human comfort.

TERRITORY

A-(1100 Btu)

Within the incorporated city limits of: Los Angeles City-Northwest Rate Area (4), El Segundo, Gardena, Hawthorne, Hermosa Beach, Lynwood, Manhattan Beach, Montebello, Monterey Park, Redondo Beach, San Fernando, San Gabriel, San Marino, and South Pasadena; also, the built-up unincorporated area of North Beverly Hills (6). Rate area boundaries are described under the reference numbers in Description of Special Rate Areas.

RATES

Commodity Charge:

Per Customer For Month
Base and Effective Rates
1100 Btu

First 200 cu.ft. or less.....	\$0.95
Next 2,800 cu.ft., per 100 cu.ft.....	6.40¢
Next 7,000 cu.ft., per 100 cu.ft.....	5.80¢
Over 10,000 cu.ft., per 100 cu.ft.....	5.20¢

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

\$0.95 per customer per month.

SPECIAL CONDITION

If the owner, lessee or operator of apartments or multiple dwellings served by four or more meters billed separately under this schedule, obligates himself to pay all bills for gas service furnished thereto, then the monthly minimum charge shall be \$0.95 multiplied by 50% of the number of such meters installed, but in no event less than \$2.85. No bill shall be rendered for gas delivered through any such meter until and unless at least 200 cubic feet of gas has been so delivered after commencement of service or since the last billing date, as the case may be. The Company shall not be required, under the provisions of this paragraph, to turn off or turn on meters when individual family dwellings are vacated or reoccupied.

Schedule No. G-4

GENERAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to domestic or commercial customers for cooking, water heating, space heating, all year air conditioning, refrigeration or other domestic or commercial uses or any combination thereof, exclusive of service where use is primarily for space heating for human comfort.

TERRITORY

A-(1100 Btu)

Within the incorporated city limits of Colton, Corona, Redlands, Riverside, San Bernardino and Torrance.

B-(1050 Btu)

Within the incorporated city limits of Dinuba, Hanford, Exeter, Lemoore, Lindsay, Tulare and Visalia.

RATES

Commodity Charge:

	Per Customer Per Month	
	Base and Effective Rates	Effective Rates
	1100 Btu	1050 Btu
First 200 cu.ft. or less.....	\$1.00	\$1.00
Next 2,800 cu.ft., per 100 cu.ft....	6.50¢	6.30¢
Next 7,000 cu.ft., per 100 cu.ft....	6.00¢	5.82¢
Over 10,000 cu.ft., per 100 cu.ft....	5.20¢	5.04¢

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

\$1.00 per customer per month.

SPECIAL CONDITION

If the owner, lessee or operator of apartments or multiple dwellings served by four or more meters billed separately under this schedule, obligates himself to pay all bills for gas service furnished thereto, then the monthly minimum charge shall be \$1.00 multiplied by 50% of the number of such meters installed, but in no event less than \$3.00. No bill shall be rendered for gas delivered through any such meter until and unless at least 200 cubic feet of gas has been so delivered after commencement of service or since the last billing date, as the case may be. The Company shall not be required, under the provisions of this paragraph, to turn off or turn on meters when individual family dwellings are vacated or reoccupied.

Schedule No. G-5

GENERAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to domestic or commercial customers for cooking, water heating, space heating, all year air conditioning, refrigeration or other domestic or commercial uses or any combination thereof, exclusive of service where use is primarily for space heating for human comfort.

TERRITORY

A-(1100 Btu)

Within the incorporated city limits of Palos Verdes and Rialto.

B-(1050 Btu)

Within the incorporated city limits of Corcoran, Delano, Kingsburg, Orange Cove, Parlier, Porterville, Reedley, Shafter, Tehachapi, Wasco and Woodlake.

RATES

Commodity Charge:

	Per Customer Per Month	
	Base and Effective Rates	Effective Rates
	1100 Btu	1050 Btu
First 200 cu.ft. or less.....	\$1.05	\$1.05
Next 2,800 cu.ft., per 100 cu.ft....	6.60¢	6.40¢
Next 7,000 cu.ft., per 100 cu.ft....	6.20¢	6.01¢
Over 10,000 cu.ft., per 100 cu.ft....	5.20¢	5.04¢

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

\$1.05 per customer per month.

SPECIAL CONDITION

If the owner, lessee or operator of apartments or multiple dwellings served by four or more meters billed separately under this schedule, obligates himself to pay all bills for gas service furnished thereto, then the monthly minimum charge shall be \$1.05 multiplied by 50% of the number of such meters installed, but in no event less than \$3.15. No bill shall be rendered for gas delivered through any such meter until and unless at least 200 cubic feet of gas has been so delivered after commencement of service or since the last billing date, as the case may be. The Company shall not be required, under the provisions of this paragraph, to turn off or turn on meters when individual family dwellings are vacated or reoccupied.

Schedule No. C-5.2

GENERAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to domestic or commercial customers for cooking, water heating, space heating, all year air conditioning, refrigeration or other domestic or commercial uses or any combination thereof, exclusive of service where use is primarily for space heating for human comfort.

TERRITORY

A-(1100 Btu)

Within the incorporated city limits of Banning, Beaumont, Elsinore, Hemet, Perris and San Jacinto.

RATES

Commodity Charge:

Per Customer Per Month
Base and Effective Rates
1100 Btu

First 200 cu.ft. or less.....	\$1.20
Next 2,800 cu.ft., per 100 cu.ft.....	8.70¢
Next 7,000 cu.ft., per 100 cu.ft.....	7.80¢
Over 10,000 cu.ft., per 100 cu.ft.....	6.00¢

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

\$1.20 per customer per month..

SPECIAL CONDITION

If the owner, lessee or operator of apartments or multiple dwellings served by four or more meters billed separately under this schedule, obligates himself to pay all bills for gas service furnished thereto, then the monthly minimum charge shall be \$1.20 multiplied by 50% of the number of such meters installed, but in no event less than \$3.60. No bill shall be rendered for gas delivered through any such meter until and unless at least 200 cubic feet of gas has been so delivered after commencement of service or since the last billing date, as the case may be. The Company shall not be required, under the provisions of this paragraph, to turn off or turn on meters when individual family dwellings are vacated or reoccupied.

Schedule No. G-5.3

GENERAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to domestic or commercial customers for cooking, water heating, space heating, all year air conditioning, refrigeration or other domestic or commercial uses or any combination thereof, exclusive of service where use is primarily for space heating for human comfort.

TERRITORY

A-(1100 Btu)

Within the incorporated city limits of Blythe, Brawley, Calodico, Coachella, El Centro, Indio, Palm Springs, Calipatria, Holtville, Imperial and Westmorland.

RATES

Commodity Charge:

Per Customer Per Month
Base and Effective Rates
1100 Btu

	<u>"M"</u>	<u>"S"</u>
First 200 cu.ft. or less.....	\$1.20	\$ 1.20
Next 2,800 cu.ft., per 100 cu.ft.....	9.80¢	11.80¢
Next 7,000 cu.ft., per 100 cu.ft.....	8.30¢	9.80¢
Over 10,000 cu.ft., per 100 cu.ft.....	6.50¢	6.50¢

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge;

\$1.20 per customer per month.

SPECIAL CONDITIONS

(1) Rate "M" will apply to all customers who regularly use gas as the principal fuel (except uses in minor appliances) for both cooking and water heating, including or excluding the use of gas for other fuel requirements, and, upon application, is available to customers who qualify, to be effective on the billing for the next regular monthly meter reading following acceptance by the Company.

(2) Rate "S" will apply to all other customers.

(3) If the owner, lessee or operator of apartments or multiple dwellings served by four or more meters billed separately under this schedule, obligates himself to pay all bills for gas service furnished thereto, then the monthly minimum charge shall be \$1.20 multiplied by 50% of the number of such meters installed, but in no event less than \$3.60. No bill shall be rendered for gas delivered through any such meter until and unless at least 200 cubic feet of gas has been so delivered after commencement of service or since the last billing date, as the case may be. The Company shall not be required, under the provisions of this paragraph, to turn off or turn on meters when individual family dwellings are vacated or reoccupied.

Schedule No. C-6

GENERAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to domestic or commercial customers for cooking, water heating, space heating, all year air conditioning, refrigeration or other domestic or commercial uses or any combination thereof, exclusive of service where use is primarily for space heating for human comfort.

TERRITORY

All unincorporated territory not provided for in other rate schedules as follows:

A-(1100 Btu)

Central, Northern and Southern Divisions.

RATES

Commodity Charge:

Per Customer Per Month
Base and Effective Rates
1100 Btu

First 200 cu.ft. or less.....	\$1.10
Next 2,800 cu.ft., per 100 cu.ft.....	6.70¢
Next 7,000 cu.ft., per 100 cu.ft.....	6.40¢
Over 10,000 cu.ft., per 100 cu.ft.....	5.20¢

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

\$1.10 per customer per month.

SPECIAL CONDITION

If the owner, lessee or operator of apartments or multiple dwellings served by four or more meters billed separately under this schedule, obligates himself to pay all bills for gas service furnished thereto, then the monthly minimum charge shall be \$1.10 multiplied by 50% of the number of such meters installed, but in no event less than \$3.30. No bill shall be rendered for gas delivered through any such meter until and unless at least 200 cubic feet of gas has been so delivered after commencement of service or since the last billing date, as the case may be. The Company shall not be required, under the provisions of this paragraph, to turn off or turn on meters when individual family dwellings are vacated or reoccupied.

Schedule No. G-6.1

GENERAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to domestic or commercial customers for cooking, water heating, space heating, all year air conditioning, refrigeration or other domestic or commercial uses or any combination thereof, exclusive of service where use is primarily for space heating for human comfort.

TERRITORY

All unincorporated territory not provided for in other rate schedules as follows:

A-(1100 Btu)

That portion of the Eastern Division lying north and west of a line running in a northeasterly direction approximately one mile southeast of the south and east city limits of Redlands, Riverside, and Corona, exclusive of the San Bernardino mountain area.

B-(1050 Btu)

San Joaquin Valley and Midway Divisions.

RATES

Commodity Charge:

	Per Customer Per Month	
	Base and Effective Rates	Effective Rates
	1100 Btu	1050 Btu
First 200 cu.ft. or less.....	\$1.20	\$1.20
Next 2,800 cu.ft., per 100 cu.ft....	7.60¢	7.37¢
Next 7,000 cu.ft., per 100 cu.ft....	6.60¢	6.40¢
Over 10,000 cu.ft., per 100 cu.ft....	5.30¢	5.14¢

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

\$1.20 per customer per month.

SPECIAL CONDITION

If the owner, lessee or operator of apartments or multiple dwellings served by four or more meters billed separately under this schedule, obligates himself to pay all bills for gas service furnished thereto, then the monthly minimum charge shall be \$1.20 multiplied by 50% of the number of such meters installed, but in no event less than \$3.60. No bill shall be rendered for gas delivered through any such meter until and unless at least 200 cubic feet of gas has been so delivered after commencement of service or since the last billing date, as the case may be. The Company shall not be required, under the provisions of this paragraph, to turn off or turn on meters when individual family dwellings are vacated or reoccupied.

Schedule No. G-6.2

GENERAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to domestic or commercial customers for cooking, water heating, space heating, all year air conditioning, refrigeration or other domestic or commercial uses or any combination thereof, exclusive of service where use is primarily for space heating for human comfort.

TERRITORY

All unincorporated territory not provided for in other rate schedules as follows:

A-(1100 Btu)

That portion of the Eastern Division bounded on the west by a line running in a northeasterly direction approximately one mile southeast of the south and east city limits of Redlands, Riverside and Corona; and on the east by a north-south line at the east boundary line of Townships 2, 3, 4 and 5 South, Range 1 East, S.B.B. and M.

RATES

Commodity Charge

Per Customer Per Month
Base and Effective Rates
1100 Btu

First 200 cu.ft. or less.....	\$1.25
Next 2,800 cu.ft., per 100 cu.ft.....	9.00¢
Next 7,000 cu.ft., per 100 cu.ft.....	8.00¢
Over 10,000 cu.ft., per 100 cu.ft.....	6.00¢

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

\$1.25 per customer per month.

SPECIAL CONDITION

If the owner, lessee or operator of apartments or multiple dwellings served by four or more meters billed separately under this schedule, obligates himself to pay all bills for gas service furnished thereto, then the monthly minimum charge shall be \$1.25 multiplied by 50% of the number of such meters installed, but in no event less than \$3.75. No bill shall be rendered for gas delivered through any such meter until and unless at least 200 cubic feet of gas has been so delivered after commencement of service or since the last billing date, as the case may be. The Company shall not be required, under the provisions of this paragraph, to turn off or turn on meters when individual family dwellings are vacated or reoccupied.

Schedule No. G-6.3

GENERAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to domestic or commercial customers for cooking, water heating, space heating, all year air conditioning, refrigeration or other domestic or commercial uses or any combination thereof, exclusive of service where use is primarily for space heating for human comfort.

TERRITORY

All unincorporated territory not provided for in other rate schedules as follows:

A-(1100 Btu)

The east portion of the Eastern Division lying east of a north-south line at the east boundary line of Townships 2, 3, 4 and 5 South, Range 1 East, S.B.E. and M; the San Bernardino mountain area of the Eastern Division; and the Imperial Division.

RATES

Commodity Charge:

Per Customer Per Month
Base and Effective Rates
1100 Btu

	<u>"M"</u>	<u>"S"</u>
First 200 cu.ft. or less.....	\$1.25	\$1.25
Next 2,800 cu.ft., per 100 cu.ft.....	10.00¢	12.00¢
Next 7,000 cu.ft., per 100 cu.ft.....	8.50¢	10.00¢
Over 10,000 cu.ft., per 100 cu.ft.....	6.50¢	6.50¢

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

\$1.25 per customer per month.

SPECIAL CONDITIONS

(1) Rate "M" will apply to all customers who regularly use gas as the principal fuel (except uses in minor appliances) for both cooking and water heating, including or excluding the use of gas for other fuel requirements, and, upon application, is available to customers who qualify, to be effective on the billing for the next regular monthly meter reading following acceptance by the Company.

(2) Rate "S" will apply to all other customers.

Schedule No. G-6.3

GENERAL NATURAL GAS SERVICE

SPECIAL CONDITIONS (continued)

(3) If the owner, lessee or operator of apartments of multiple dwellings served by four or more meters billed separately under this schedule, obligates himself to pay all bills for gas service furnished thereto, then the monthly minimum charge shall be \$1.25 multiplied by 50% of the number of such meters installed, but in no event less than \$3.75. No bill shall be rendered for gas delivered through any such meter until and unless at least 200 cubic feet of gas has been so delivered after commencement of service or since the last billing date, as the case may be. The Company shall not be required, under the provisions of this paragraph, to turn off or turn on meters when individual family dwellings are vacated or reoccupied.

Schedule No. G-6.4

GENERAL NATURAL GAS SERVICEAPPLICABILITY

Applicable to natural gas service to domestic or commercial customers for cooking, water heating, space heating, all year air conditioning, refrigeration or other domestic or commercial uses or any combination thereof, exclusive of service where use is primarily for space heating for human comfort.

TERRITORY

All unincorporated territory not provided for in other rate schedules as follows:

B-(1050 Btu)

That portion of the Midway Division served under Schedule No. D-2M prior to the effective date of the interim rates authorized in Application No. 30299.

RATES

Commodity Charge:

	Per Customer Per Month	
	Base Rates	Effective Rates
	1100 Btu	1050 Btu
First 900 cu.ft. or less	\$1.00	\$1.00
Next 2,100 cu.ft., per 100 cu.ft.	7.00¢	6.79¢
Next 7,000 cu.ft., per 100 cu.ft.	6.60¢	6.40¢
Over 10,000 cu.ft., per 100 cu.ft.	5.30¢	5.14¢

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

\$1.00 per customer per month.

Schedule No. G-15

SPACE HEATING NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to domestic or commercial customers where use is primarily for space heating for human comfort.

TERRITORY

The entire territory served natural gas by the Company, except Imperial Division and portions of the Eastern Division, as follows:

A-(1100 Btu)

Central, Northern and Southern Divisions and that portion of Eastern Division lying north and west of a line running in a northeasterly direction approximately one mile southeast of the south and east city limits of Redlands, Riverside and Corona exclusive of the San Bernardino mountain area.

B-(1050 Btu)

San Joaquin Valley and Midway Divisions.

RATES

Commodity Charge:

	Per Customer Per Month	
	Base and Effective Rate 1100 Btu	Effective Rate 1050 Btu
First 200 cu.ft. or less:		
Winter Months, October-May.....	\$1.75	\$1.75
Summer Months, June-September.....	*	*
Next 2,800 cu.ft., per 100 cu.ft.....	9.00¢	8.73¢
Next 7,000 cu.ft., per 100 cu.ft.....	7.50¢	7.28¢
Over 10,000 cu.ft., per 100 cu.ft.....	6.50¢	6.30¢

*No charge; only consumption in excess of 200 cu.ft. per month in summer time to be billed at commodity rates.

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

\$1.75 per customer per month - Winter months, October-May.
No minimum - Summer months, June-September.

Schedule No. C-16

SPACE HEATING NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to domestic or commercial customers where use is primarily for space heating for human comfort.

TERRITORY

A-(1100 Btu)

That portion of the Eastern Division bounded on the west by a line running in a northeasterly direction approximately one mile southeast of the south and east city limits of Redlands, Riverside and Corona and including the San Bernardino mountain area.

RATES

Commodity Charge:

	<u>Per Customer Per Month</u> <u>Base and Effective Rate</u> <u>1100 Btu</u>
First 200 cu.ft. or less:	
Winter Months, October-May.....	\$1.75
Summer Months, June-September.....	*
Next 2,800 cu.ft., per 100 cu.ft.....	11.00¢
Next 7,000 cu.ft., per 100 cu.ft.....	9.50¢
Over 10,000 cu.ft., per 100 cu.ft.....	6.50¢

*No charge; only consumption in excess of 200 cu.ft. per month in summer time to be billed at commodity rates.

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

\$1.75 per customer per month - Winter months, October-May.
No minimum - Summer months, June-September.

Schedule No. G-17

SPACE HEATING NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to domestic or commercial customers where use is primarily for space heating for human comfort.

TERRITORY

A-(1100 Btu)

Within the Imperial Division.

RATES

Commodity Charge:

Per Customer Per Month
Base and Effective Rate
1100 Btu

First 200 cu.ft. or less:	
Winter Months, October-May.....	\$1.75
Summer Months, June-September.....	*
Next 2,800 cu.ft., per 100 cu.ft.....	13.00¢
Next 7,000 cu.ft., per 100 cu.ft.....	11.00¢
Over 10,000 cu.ft., per 100 cu.ft.....	6.50¢

*No charge; only consumption in excess of 200 cu.ft. per month in summer time to be billed at commodity rates.

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

\$1.75 per customer per month - Winter months, October-May.
No minimum - Summer months, June-September.

Schedule No. C-20

COMMERCIAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to commercial or industrial customers, exclusive of service where use is primarily for space heating for human comfort.

TERRITORY

The entire territory served natural gas by the Company, except Imperial Division and portions of the Eastern Division, as follows:

A-(1100 Btu)

Central, Northern and Southern Divisions and that portion of Eastern Division lying north and west of a line running in a northeasterly direction approximately one mile southeast of the south and east city limits of Redlands, Riverside and Corona exclusive of the San Bernardino mountain area.

B-(1050 Btu)

San Joaquin Valley and Midway Divisions.

RATES

Commodity Charge:

	Per Customer Per Month	
	Base and Effective Rates	Effective Rates
	1100 Btu	1050 Btu
First 30 Mcf, per Mcf.....	55.0¢	53.4¢
Next 70 Mcf, per Mcf.....	50.0	48.5
Next 200 Mcf, per Mcf.....	47.5	46.1
Over 300 Mcf, per Mcf.....	45.0	43.6

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

For uses other than for public schools..... \$16.50 per customer per month

For use of public schools:

From October to May, Inclusive..... 16.50 " " " "

From June to September, Inclusive..... 1.50 " " " "

SPECIAL CONDITION

All gas delivered hereunder shall be separately metered and separately billed to each premises served hereunder. If, however, two or more meters are required to supply service hereunder to a single public institution or motion picture studio enterprise located on contiguous parcels of land divided only by public streets, alleys or highways, then the monthly consumption registered by such meters shall be combined for the purpose of billing hereunder.

Schedule No. C-21

COMMERCIAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to commercial or industrial customers, exclusive of service where use is primarily for space heating for human comfort.

TERRITORY

A-(1100 Btu)

That portion of the Eastern Division bounded on the west by a line running in a northeasterly direction approximately one mile southeast of the south and east city limits of Redlands, Riverside and Corona and including the San Bernardino mountain area.

RATES

Commodity Charge:

Per Customer Per Month
Base and Effective Rates
1100 Btu

First 30 Mcf, per Mcf.....	60.0¢
Next 70 Mcf, per Mcf.....	55.0
Next 200 Mcf, per Mcf.....	50.0
Over 300 Mcf, per Mcf.....	48.0

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

For uses other than for public schools..... \$17.50 per customer per month

For use of public schools:

From October to May Inclusive..... 17.50 " " " "

From June to September Inclusive..... 1.50 " " " "

SPECIAL CONDITION

All gas delivered hereunder shall be separately metered and separately billed to each premises served hereunder. If, however, two or more meters are required to supply service hereunder to a single public institution or motion picture studio enterprise located on contiguous parcels of land divided only by public streets, alleys or highways, then the monthly consumption registered by such meters shall be combined for the purpose of billing hereunder.

Schedule No. G-22

COMMERCIAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to commercial or industrial customers, exclusive of service where use is primarily for space heating for human comfort.

TERRITORY
A-(1100 Btu)

Within the Imperial Division.

RATES

Commodity Charge:

	<u>Per Customer Per Month</u> <u>Base and Effective Rates</u> <u>1100 Btu</u>
First 50 Mcf, per Mcf.....	70.0¢
Over 50 Mcf, per Mcf.....	50.0

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

For uses other than for public schools..... \$20.00 per customer per month

For use of public schools:

From October to May, inclusive.....	20.00	"	"	"	"
From June to September, inclusive.....	1.50	"	"	"	"

SPECIAL CONDITION.

All gas delivered hereunder shall be separately metered and separately billed to each premises served hereunder. If, however, two or more meters are required to supply service hereunder to a single public institution or motion picture studio enterprise located on contiguous parcels of land divided only by public streets, alleys or highways, then the monthly consumption registered by such meters shall be combined for the purpose of billing hereunder.

Schedule No. C-23

COMMERCIAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service limited to multiple dwellings, housing projects, public and quasi-public institutions, schools or military camps and establishments for gas used for any one or all purposes, exclusive of service where use is primarily for space heating for human comfort.

TERRITORY

The entire territory served natural gas by the company, as follows:

A-(1100 Btu)

Within Central, Northern, Southern, Eastern and Imperial Divisions.

B-(1050 Btu)

Within San Joaquin Valley and Midway Divisions.

RATES

Commodity Charge:

	Per Customer Per Month	
	Base and Effective Rates	Effective Rates
	1100 Btu	1050 Btu
First 100 Mcf, per Mcf.....	50.0¢	48.5¢
Next 200 Mcf, per Mcf.....	44.0	42.7
Next 200 Mcf, per Mcf.....	41.0	39.8
Over 500 Mcf, per Mcf.....	38.0	36.9

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

\$150 per customer per month.

SPECIAL CONDITION

Service hereunder will be supplied through one single or master meter installation for a project located on a single premises or on contiguous parcels of land divided only by public streets, alleys or highways. If such single or master meter installation will in the judgment of the Company result in excessive duplication of Company's pipe line facilities or will not provide adequate service or will not satisfy the Company's operating convenience, the Company will install, when mutually satisfactory, two or more single or master meters. In such event, the monthly consumption registered by such meter installations shall be combined for purposes of billing. The foregoing shall not apply where, in the judgment of the Company, the operation of such project has been transferred to another project for the purpose of obtaining combined meter readings.

Schedule No. C-40

FIRM INDUSTRIAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to industrial customers, exclusive of service where use is primarily for space heating for human comfort.

TERRITORY

The entire territory served natural gas by the Company, as follows:

A-(1100 Btu)

Central, Northern, Southern, Eastern and Imperial Divisions.

B-(1050 Btu)

Midway and San Joaquin Valley Divisions.

RATES

Commodity Charge:

	Per Customer Per Month	
	Base and Effective Rates	Effective Rates
	1100 Btu	1050 Btu
Four Winter Months - December to March, incl., per Mcf.....	50.0¢	49.0¢
Eight Summer Months - April to November, incl., per Mcf.....	34.0¢	33.3¢

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

Per Customer per Month..... \$30.00

To be cumulative only when total billing exceeds \$360 per meter at any time during the contract year.

SPECIAL CONDITIONS

(1) The obligation of the Company to supply natural gas under this schedule shall not exceed the daily and/or monthly amount contracted for by the customer; provided, however, that gas may be delivered at daily and/or monthly amounts greater than specified above during times when such delivery will not be detrimental to service supplied under general and commercial schedules. Customers electing service under this schedule in combination with service under other industrial schedules, will be required to accept monthly delivery of their firm fuel requirements as contracted for before demanding and/or accepting gas deliveries during the month under said other industrial schedules.

Schedule No. G-4C

FIRM INDUSTRIAL NATURAL GAS SERVICE

SPECIAL CONDITIONS (Continued)

(2) Customers may receive service under this schedule separately or in combination with an interruptible industrial schedule through a single meter installation. The minimum charge for combined service will be the minimum charge specified in the interruptible industrial schedule.

(3) A contract covering the firm fuel requirements of the customer during the operation of his plant, for a period of at least one (1) year, will be required as a condition precedent to service under this schedule; provided, however, that the customer may at any time increase his contractual obligations by means of a new contract under this schedule for a period not less than one (1) year; and provided further, that if at any time during said term a customer shall have installed adequate standby fuel and equipment for a portion or all of his requirements, he may then, by application, change his contractual obligations under this schedule and promptly thereafter obtain service under an appropriate interruptible industrial schedule for that portion of his requirements so protected by such standby fuel and equipment and eligible for interruptible service; and provided further, that if the customer permanently ceases operations, such contract shall not thereafter continue in force; and provided further, that if the customer's firm fuel requirements are permanently changed by reason of change in his gas burning equipment, he may, by application, change his contractual obligations under this schedule, in proportion to the change in his firm fuel requirements resulting from such change in gas burning equipment, to be made effective on all deliveries of gas made after the next regular monthly meter reading date following such application; and provided further, that if the customer's total fuel requirements are permanently increased or decreased due to changed conditions of operation, he may, by application, change his contractual obligations under this schedule in proportion to said increase or decrease in his total fuel requirements, to be effective on all deliveries of gas made after the next regular monthly meter reading date following such application. Said contract covering said fuel requirements, shall at the expiration of the period therein specified as the term thereof, continue thereafter until either the Company or the customer shall give the other thirty (30) days' written notice of a desire to terminate same, whereupon at the expiration of said thirty (30) days it shall cease and determine.

Schedule No. C-45

GAS ENGINE NATURAL GAS SERVICEAPPLICABILITY

Applicable to natural gas service to internal combustion engines.

TERRITORY

A-(1100 Btu)

Within the Central, Northern, Southern and Eastern Divisions.

RATES

Commodity Charge:

		Per Customer Per Month Base and Effective Rates <u>1100 Btu</u>
First	25 Mcf, per Mcf	46.0¢
Next	75 Mcf, per Mcf	34.0
Next	200 Mcf, per Mcf	28.0
Over	300 Mcf, per Mcf	22.5

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

Per Customer Per Month	\$5.00
to be made accumulative only when the total billing exceeds \$60.00 per meter at any time during the contract year.	

Schedule No. C-46

GAS ENGINE NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to internal combustion engines.

TERRITORY

B-(1050 Btu)

Within the San Joaquin Valley and Midway Divisions.

RATES

Commodity Charge:

	Per Customer Per Month	
	Base Rates	Effective Rates
	<u>1100 Btu</u>	<u>1050 Btu</u>
First 25 Mcf, per Mcf.....	42.9¢	42.0¢
Next 75 Mcf, per Mcf.....	24.5	24.0
Next 200 Mcf, per Mcf.....	22.4	22.0
Over 300 Mcf, per Mcf.....	20.4	20.0

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

Per Customer Per Month..... \$ 5.00
to be cumulative only when the total billing
exceeds \$60.00 per meter at any time during
the contract year.

Schedule No. G-50

INTERRUPTIBLE NATURAL GAS SERVICE

APPLICABILITY

Applicable, subject to interruptions in supply, to natural gas service to commercial or industrial customers, where such customers are located near existing mains having a delivery capacity and supply in excess of the then existing requirements of firm customers.

TERRITORY

A-(1100 Btu)

Within the Central, Northern and Southern Divisions.

RATES

Commodity Charge:

		<u>Per Customer Per Month</u> <u>Base and Effective Rates</u> <u>1100 Btu.</u>
First	200 Mcf, per Mcf.....	34.0¢
Next	200 Mcf, per Mcf.....	28.0
Next	4,600 Mcf, per Mcf.....	23.0
Next	15,000 Mcf, per Mcf.....	21.0
Over	20,000 Mcf, per Mcf.....	20.0

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

Per Customer per month.....\$50.00
to be made accumulative only when total billing
exceeds \$600.00 per meter at any time during the
contract year.

SPECIAL CONDITIONS

(1) Service under this schedule is subject to discontinuance without notice in case the Company has an insufficient quantity of natural gas produced directly from oil wells and/or purchased from El Paso Natural Gas Company to satisfy its requirements of gas for underground storage and to supply with natural gas (a) customers under all its general, commercial, firm industrial and gas engine schedules, (b) customers under special contracts other than those for interruptible industrial service, (c) other public utilities and (d) customers under interruptible industrial schedules and special contracts for interruptible industrial service carrying the same or higher rates, and if the supplying of such gas under this schedule shall in the opinion of the Company jeopardize or threaten the supply to any of said customers or said public utilities, then the Company shall have the right, without notice, to discontinue such gas supplied under this schedule in whole or in part until it again has an amount of such gas sufficient to supply all of said customers and said public utilities in addition to supplying the gas provided under this schedule.

Schedule No. C-50

INTERRUPTIBLE NATURAL GAS SERVICE

SPECIAL CONDITIONS (Continued)

(2) Except upon an application made to the Public Utilities Commission and approval first obtained:

(a) No customer (except as to a plant on an interruptible gas rate during all or a portion of the year ending December 16, 1941), applying for gas service hereunder subsequent to December 16, 1941, shall be entitled to such gas service, unless such customer shall have adequate standby fuel, equipment, and qualified attendance ready at all times to effect immediate change-over from gas to other fuel in the event that the supply of gas hereunder shall be discontinued.

(b) No existing customer using gas hereunder subsequent to December 16, 1941, shall be permitted to increase usage of gas hereunder for additional equipment (except as to equipment on an interruptible gas rate during all or a portion of the year ending December 16, 1941) unless such customer shall have adequate standby fuel, equipment, and qualified attendance ready at all times to effect immediate change-over from gas to other fuel in the event that the supply of gas hereunder shall be discontinued.

(3) Service may be supplied under this schedule at the option of the Company for short term operations that are started and completed during the "off peak" demand season (May 1st to October 1st) without the provisions for standby fuel and equipment as required in Special Condition (2).

(4) A contract covering the fuel requirements of the customer during the operation of his plant, for a period of at least one (1) year, will be required as a condition precedent to service under this schedule, except as otherwise provided in special conditions, and shall continue in force and effect thereafter until either the Company or the customer shall give the other thirty (30) days written notice of a desire to terminate same, whereupon at the expiration of said thirty (30) days it shall cease and determine. If the customer permanently ceases operations, such contract shall not thereafter continue in force.

Schedule No. G-51

INTERRUPTIBLE NATURAL GAS SERVICE

APPLICABILITY

Applicable, subject to interruptions in supply, to natural gas service to commercial or industrial customers, where such customers are located near existing mains having a delivery capacity and supply in excess of the then existing requirements of firm customers.

TERRITORY

A-(1100 Btu)

Within the Eastern Division.

B-(1050-Btu)

Within the San Joaquin Valley and Midway Divisions.

RATES

Commodity Charge:

	Per Customer Per Month	
	Base and Effective Rates	Effective Rates
	1100 Btu	1050 Btu
First 200 Mcf, per Mcf.....	35.0¢	34.3¢
Next 200 Mcf, per Mcf.....	29.0	28.4
Next 4600 Mcf, per Mcf.....	24.0	23.5
Over 5000 Mcf, per Mcf.....	22.0	21.6

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

Minimum Charge:

Per Customer per Month.....\$50.00
to be made accumulative only when total billing exceeds \$600.00 per meter at any time during the contract year.

SPECIAL CONDITIONS

(1) Service under this schedule is subject to discontinuance without notice in case the Company has an insufficient quantity of natural gas produced directly from oil wells and/or purchased from El Paso Natural Gas Company to satisfy its requirements of gas for underground storage and to supply with natural gas (a) customers under all its general, commercial, firm industrial, and gas engine schedules, (b) customers under special contracts other than those for interruptible industrial service, (c) other public utilities and (d) customers under interruptible industrial schedules and special contracts for interruptible industrial service carrying the same or higher rates, and if the supplying of such gas under this schedule shall in the opinion of the Company jeopardize or threaten the supply to any said customers or said public utilities, then the Company shall have the right, without notice, to discontinue such gas supplied under this schedule in whole or in part until it again has an amount of such gas sufficient to supply all of said customers and said public utilities in addition to supplying the gas provided under this schedule.

Schedule No. G-51

INTERRUPTIBLE NATURAL GAS SERVICE

SPECIAL CONDITIONS (continued)

(2) Except upon an application made to the Public Utilities Commission and approval first obtained:

- (a) No customer (except as to a plant on an interruptible gas rate during all or a portion of the year ending December 16, 1941), applying for gas service hereunder subsequent to December 16, 1941, shall be entitled to such gas service, unless such customer shall have adequate standby fuel, equipment, and qualified attendance ready at all times to effect immediate change-over from gas to other fuel in the event that the supply of gas hereunder shall be discontinued.
- (b) No existing customer using gas hereunder subsequent to December 16, 1941, shall be permitted to increase usage of gas hereunder for additional equipment (except as to equipment on an interruptible gas rate during all or a portion of the year ending December 16, 1941) unless such customer shall have adequate standby fuel, equipment, and qualified attendance ready at all times to effect immediate change-over from gas to other fuel in the event that the supply of gas hereunder shall be discontinued.

(3) Service may be supplied under this schedule at the option of the Company for short term operations that are started and completed during the "off peak" demand season (May 1 to October 1) without the provisions for standby fuel and equipment as required in Special Condition (2).

(4) A contract covering the fuel requirements of the customer during the operation of his plant, for a period of at least one (1) year, will be required as a condition precedent to service under this schedule, except as otherwise provided in special conditions, and shall continue in force and effect thereafter until either the Company or the customer shall give the other thirty (30) days written notice of a desire to terminate same, whereupon at the expiration of said thirty (30) days it shall cease and determine. If the customer permanently ceases operations, such contract shall not thereafter continue in force.

Schedule No. G-52

INTERRUPTIBLE NATURAL GAS SERVICE

APPLICABILITY

Applicable, subject to interruptions in supply, to natural gas service to commercial or industrial customers, where such customers are located near existing mains having a delivery capacity and supply in excess of the then existing requirements of firm customers.

TERRITORY

A-(1100 Btu)

Within the Imperial Division.

RATES

<u>Customer Segregation Based on Minimum Guarantee</u>	<u>Minimum Charge per Customer per Month</u>	<u>Commodity Charge per Mcf per Customer per Month Base and Effective Rate 1100 Btu</u>
Group 1	\$ 100.00	34.5¢
Group 2	1,000.00	31.5

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

SPECIAL CONDITIONS

(1) Service under this schedule is subject to discontinuance without notice in case the company has an insufficient quantity of natural gas produced directly from oil wells and/or purchased from El Paso Natural Gas Company to satisfy its requirements of gas for underground storage and to supply with natural gas (a) customers under all its general, commercial, firm industrial and gas engine schedules, (b) customers under special contracts other than those for interruptible industrial service, (c) other public utilities, and (d) customers under interruptible industrial schedules and special contracts for interruptible industrial service carrying the same or higher rates, and if the supplying of such gas under this schedule shall, in the opinion of the company, jeopardize or threaten the supply to any of said customers or said public utilities, then the company shall have the right, without notice, to discontinue such gas supplied under this schedule in whole or in part until it again has an amount of such gas sufficient to supply all of said customers and said public utilities in addition to supplying the gas provided under this schedule.

(2) Except upon an application made to the Public Utilities Commission and approval first obtained:

- (a) No customer (except as to a plant on an interruptible gas rate during all or a portion of the year ending December 16, 1941), applying for gas service hereunder subsequent to December 16, 1941, shall be entitled to such gas service, unless such customer shall have adequate standby fuel, equipment, and qualified attendance ready at all times to effect immediate change-over from gas to other fuel in the event that the supply of gas hereunder shall be discontinued.

Schedule No. G-52

INTERRUPTIBLE NATURAL GAS SERVICE

SPECIAL CONDITIONS (Continued)

(b) No existing customer using gas hereunder subsequent to December 16, 1941, shall be permitted to increase usage of gas hereunder for additional equipment (except as to equipment on an interruptible gas rate during all or a portion of the year ending December 16, 1941.) unless such customer shall have adequate standby fuel, equipment, and qualified attendance ready at all times to effect immediate change-over from gas to other fuel in the event that the supply of gas hereunder shall be discontinued.

(3) Service may be supplied under this schedule at the option of the Company for short term operations that are started and completed during the "off peak" demand season (May 1st to October 1st) without the provisions for standby fuel and equipment as required in Special Condition (2).

(4) A contract covering the fuel requirements of the customer during the operation of his plant, for a period of at least one (1) year, will be required as a condition precedent to service under this schedule, except as otherwise provided in special conditions, and shall continue in force and effect thereafter until either the Company or the customer shall give the other thirty (30) days written notice of a desire to terminate same, whereupon at the expiration of said thirty (30) days it shall cease and determine. If the customer permanently ceases operations, such contract shall not thereafter continue in force.

Schedule No. G-53

LIMITED INTERRUPTIBLE NATURAL GAS SERVICE

APPLICABILITY

Applicable, subject to interruptions in supply, to natural gas service to commercial or industrial customers for gas used only in stationary central steam boilers, petroleum oil stills and heaters, smelters and cement kilns, where such customers are located near existing mains having a delivery capacity and supply in excess of the then existing requirements of firm customers.

TERRITORY

A-(1100 Btu)

Within the Central, Northern and Southern Divisions.

RATES

Customer Segregation Based On <u>Minimum Guarantee</u>	Minimum Charge Per Customer <u>Per Month</u>	Commodity Charge Per Mcf Per Customer Per Month <u>Base and Effective Rate</u> 1100 Btu
Group 1	\$ 400.00	21.7¢
Group 2	1,000.00	19.0
Group 3	2,500.00	18.5
Group 4	5,000.00	18.0

The above effective rates are based on the average monthly heating value per cubic foot indicated and as set forth in Rule and Regulation No. 2(j).

SPECIAL CONDITIONS

(1) Service under this schedule is subject to discontinuance without notice in case the Company has an insufficient quantity of natural gas produced directly from oil wells and/or purchased from El Paso Natural Gas Company to satisfy its requirements of gas for underground storage and to supply with natural gas (a) customers under all its general, commercial, firm industrial and gas engine schedules, (b) customers under special contracts other than those for interruptible industrial service, (c) other public utilities and (d) customers under interruptible industrial schedules and special contracts for interruptible industrial service carrying the same or higher rates, and if the supplying of such gas under this schedule shall in the opinion of the Company jeopardize or threaten the supply to any of said customers of said public utilities, then the Company shall have the right, without notice, to discontinue such gas supplied under this schedule in whole or in part until it again has an amount of such gas sufficient to supply all of said customers and said public utilities in addition to supplying the gas provided under this schedule.

(2) Except upon an application made to the Public Utilities Commission and approval first obtained:

(a) No customer (except as to a plant on an interruptible gas rate during all or a portion of the year ending December 16, 1941), applying for gas service hereunder subsequent to December 16,

Schedule No. G-53

LIMITED INTERRUPTIBLE NATURAL GAS SERVICE

SPECIAL CONDITIONS (Continued)

1941, shall be entitled to such gas service, unless such customer shall have adequate standby fuel, equipment, and qualified attendance ready at all times to effect immediate changeover from gas to other fuel in the event that the supply of gas hereunder shall be discontinued.

- (b) No existing customer using gas hereunder subsequent to December 16, 1941, shall be permitted to increase usage of gas hereunder for additional equipment (except as to equipment on an interruptible gas rate during all or a portion of the year ending December 16, 1941) unless such customer shall have adequate standby fuel, equipment, and qualified attendance ready at all times to effect immediate changeover from gas to other fuel in the event that the supply of gas hereunder shall be discontinued.

(3) Service may be supplied under this schedule at the option of the Company for short term operations that are started and completed during the "off peak" demand season (May 1st to October 1st) without the provisions for standby fuel and equipment as required in Special Condition (2).

(4) A contract covering the fuel requirements of the customer during the operation of his plant, for a period of at least one (1) year, will be required as a condition precedent to service under this schedule, except as otherwise provided in special conditions, and shall continue in force and effect thereafter until either the Company or the customer shall give the other thirty (30) days' written notice of a desire to terminate same, whereupon at the expiration of said thirty (30) days it shall cease and determine. If the customer permanently ceases operations, such contract shall not thereafter continue in force.

Schedule No. G-58

GENERAL BUTANE GAS SERVICEAPPLICABILITY

Applicable to butane gas service to domestic or commercial customers for cooking, water heating, space heating, all year air conditioning, refrigeration, or other domestic or commercial uses or any combination thereof.

TERRITORY

Within the Northern Division in the communities of Lancaster, Palmdale, and Mojave, and territory adjacent thereto.

RATE

Commodity Charge:

	Per Customer Per Month			
	Base Rates		Effective Rates	
	"M"	"S"	"M"	"S"
First 50 pounds, per pound.....	5.00¢	5.00¢	5.50¢	5.50¢
Next 50 pounds, per pound.....	2.50¢	5.00¢	3.00¢	5.50¢
Over 100 pounds, per pound.....	1.75¢	1.75¢	2.25¢	2.25¢

The effective rates are established in accordance with the provisions of Special Condition (3) and are based on the current delivered price for "Butane" of 7.15¢ per gallon.

Minimum Charge:

\$1.00 per customer per month.

SPECIAL CONDITIONS

(1) Rate "M" will apply to all customers who regularly use "Butane" gas (except uses in minor appliances) for any of the two combined uses of cooking, water heating, refrigeration, space heating, or other corresponding principal uses, and, upon application, is available to customers who qualify to be effective on the billing for the next regular monthly meter reading following acceptance by the Company.

(2) Rate "S" will apply to all other customers.

(3) The effective rates of this schedule are the base rates, subject to increase or decrease, respectively, of one-twentieth cent (1/20¢) per pound for each full one-fourth cent (1/4¢) that the cost to the Company for "Butane" delivered to all production plants, located in the territory served under this schedule, is greater or less than four and one-half cents (4.5¢) per gallon. The rates for service of "Butane" gas under this schedule will be computed to the nearest one hundredth cent (1/100¢) per pound and each change in rates heretofore provided shall be effective beginning with the bill based on the first regular monthly meter reading for billing purposes taken on and after the date of any such change in rates as filed with and accepted by the Public Utilities Commission of the State of California.

(4) This service is registered by volumetric meters in units of ten cubic feet, each of which is the equivalent of 1.35 pounds of gas. Thus the recorded consumption multiplied by 1.35 is the number of pounds billed at the stated rate.

DESCRIPTION OF SPECIAL RATE AREAS

The special rate areas mentioned by name on certain rate schedules are the areas more fully described below and as shown on the rate zone maps accompanying these descriptions, each such area being listed here by the same name and number used on said rate schedules.

- (1) LOS ANGELES CITY - CENTRAL: That portion of the City of Los Angeles generally bounded on the north by the Santa Monica and Hollywood Mountains, the Los Angeles River and the Southern Pacific right of way immediately south of North Main Street and Valley Boulevard; on the east by Indiana Avenue and the Los Angeles city limits, between Valley Boulevard and Manchester Avenue; on the south by Manchester Avenue and the city of Inglewood; and on the west by the west portion of the Baldwin Hills, the cities of Culver City and Santa Monica and the Santa Monica Mountains.
- (2) LOS ANGELES CITY - NORTHEAST: That portion of the City of Los Angeles generally lying east of the Tujunga Wash (West Branch), north and east of the Los Angeles River, and north of the Southern Pacific right of way immediately south of North Main Street and Valley Boulevard, including Griffith Park and the Hollywood Mountains.
- (3) LOS ANGELES CITY - SOUTH: That portion of the City of Los Angeles generally lying south of Manchester Avenue and the cities of Huntington Park and Inglewood, including the west portion of the Baldwin Hills.
- (4) LOS ANGELES CITY - NORTHWEST: That portion of the City of Los Angeles generally lying west of the Tujunga Wash (West Branch), and north of the built-up area of Hollywood and Beverly Hills, including the Santa Monica Mountains.
- (5) WEST HOLLYWOOD: That built-up unincorporated area generally lying east of Beverly Hills and surrounded by the City of Los Angeles on the North, South and East.
- (6) NORTH BEVERLY HILLS: Two unincorporated areas generally lying north of the city of Beverly Hills and surrounded on three or four sides by the City of Los Angeles.
- (7) FAIRFAX: That built-up unincorporated area generally lying east of Fairfax Avenue and south of Beverly Boulevard and surrounded by the City of Los Angeles.
- (8) WEST HUNTINGTON PARK: That built-up unincorporated area immediately west of Huntington Park and Southgate and bounded on three sides by the City of Los Angeles.

Note: Where boundary lines fall along streets it is understood that customers on both sides, whose services receive gas from mains located in said boundary streets, will be included in the most favorable rate zone.

Rule and Regulation No. 2

CHARACTER OF SERVICE

(Continued)

(j) The effective rates in these schedules providing for BTU adjustment, according to the heating value of the natural gas served, shall be determined in accordance with the following rule:

The base rates set forth in the schedules for natural gas are predicated on an average monthly heating value of 1100 Btu per cubic foot (determined as the average of daily heating value tests on a "dry" basis). A maximum variation in the monthly average of 35 Btu above or below 1100 Btu is contemplated. When the actual variation exceeds 35 Btu for two consecutive calendar months, the effective rates will be changed by increasing or decreasing the rates to conform to a new average heating value, adjusted in steps of 50 Btu from the base of 1100 Btu, which is the nearest the average of that experienced during the two months which occasioned the change. The effective rates will be determined by an adjustment in all base rates (except for the fixed and/or the minimum charge portion of the general service and space heating service rates) in accordance with the percentages set forth below for each 50 Btu step, computed to the nearest 0.01¢ per 100 cubic feet or 0.1¢ per 1000 cubic feet (Mcf) and will become effective fifteen (15) days thereafter.

General Natural Gas Service Schedules	3% per 50 Btu step
Commercial Natural Gas Service Schedules	3% per 50 Btu step
Firm Industrial Natural Gas Service Schedules.....	2% per 50 Btu step
Gas Engine Agricultural Natural Gas Service Schedules	2% per 50 Btu step
Interruptible Natural Gas Service Schedules	2% per 50 Btu step

Changes in the rates resulting from variation in heating value will not be made more frequently than each two-month period, except, when definite changes in the source of gas occur, the appropriate rates will be made effective fifteen (15) days after the date of changeover.

Rule and Regulation No. 19

RATES AND OPTIONAL RATES

(Paragraph to be added to existing rule)

Except as provided otherwise in the schedule or special contract required thereby, a customer may not transfer from one schedule to another for the purpose of avoiding seasonal or other minimum charges except after twelve months' service under the schedule; however, if his fuel requirements are permanently increased or decreased due to changed conditions of operation, he may, by application, avail himself of other schedules for which he can properly qualify, to be effective on the billing for the next regular monthly meter reading following acceptance by the Company.