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ORIGINAL

Decision No. 44037

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SAN DIEGO GAS & ELECTRIC COMPANY, a corporation, for an order of the Public Utilities Commission of the State of California authorizing Applicant to increase the rates charged by it for gas; to withdraw and cancel all of its existing rate schedules applicable to gas, and to file and make effective in lieu thereof the rate schedules for gas, attached hereto and made a part hereof.	Application No. 30338

Chickering and Gregory by Sherman Chickering, Walter C. Fox, Jr. and W. Burleigh Pattee for applicant; Jean F. DuPaul, City Attorney, Louis M. Karp, Assistant City Attorney, and Clarence A. Winder, Consulting Engineer, for the City of San Diego; J. J. Deuel for California Farm Bureau Federation; Brobeck, Phleger and Harrison, by Alfred A. Hampson, Jr. and George D. Rives, and George Kinsman for California Manufacturers Association; Jennings, Engstrand and Henrikson by W. H. Jennings for the City of La Mesa; Jean L. Vincenz, Director of Public Works, for the County of San Diego; Paul M. Sapp for the United States Public Housing Administration; Commander L. N. Evans, Paul N. Culp and A. B. Starr for United States military establishments; L. H. Stewart and W. D. MacKay for Challenge Cream and Butter Association.

OPINION

On May 21, 1949, San Diego Gas and Electric Company[1] filed an application for authority to increase the rates charged by it for gas, electric and steam heat service. The hearing set for September 14 was cancelled at applicant's request, and on October 14, 1949 an amended application was filed. The amended application withdrew the proposals to increase electric and steam rates and restricted the proposed increases to rates for gas service. In the amended application the rates proposed, if effective throughout 1950, were

1/ Hereinafter referred to as applicant.

estimated to increase revenues by about $972,000, an average increase of approximately 13.3%.

Hearings on the application were held in San Diego on November 14 to 16 and 28 to 30, 1949, and January 23 to 25, 1950, before Commissioner Rowell and Examiner O'Brien. Parties were given until February 8, 1950 to file concluding written arguments, whereupon the matter was taken under submission.

Applicant is the successor in its service area to a substantial number of predecessor companies, the earliest of which was the San Diego Gas Company, established in 1881. At the end of 1949 it served natural gas to about 131,300 customers, of whom approximately 3/4 are within the City of San Diego. Following World War I, increases in basic gas tariffs were authorized. In 1921 provisions requiring changes in rates as a result of changes in the price of fuel oil were incorporated in the tariffs. With the advent of natural gas in the early 1930's, gas rates were reduced as a result of formal action initiated by the Commission and by the City of San Diego. The record shows that since the beginning of 1933 gas rate changes, both increases and decreases, have resulted in a net aggregate annual reduction of more than $850,000, based upon the volume of business at the date of the reduction. Rate changes because of changes in the price of fuel oil accounted for about $34,000 of reductions and $84,000 of increases in the foregoing totals.

I EVIDENCE ON EARNINGS

Both applicant and the Commission staff[2] presented estimates of the results of operations of the gas department for 1949 and 1950. A summary of the two estimates for 1950 is as follows.

[2] A list of witnesses is attached as an appendix to this decision.

Summary of Earnings - Gas Department
Present Rates - 1950

	Company	CPUC Staff	Company Exceeds Staff Amount	Company Exceeds Staff Per Cent
Operating Revenue	$7,397,000	$7,679,615	$(282,615)	(3.8)%
Operating Expenses				
Excl. Taxes & Deprec.	5,056,200	5,037,849	18,351	0.4
Taxes	959,300	1,055,100	(95,800)	(10.0)
Depreciation	445,900	426,076	19,824	4.4
Total	6,461,400	6,519,025	(57,625)	(0.9)
Net Revenue	935,600	1,160,590	(224,990)	(24.0)
Rate Base	25,963,000	25,286,000	677,000	2.6
Rate of Return	3.60%	4.59%	(0.99)%	

(Red Figure)

The foregoing estimates are predicated upon normal temperatures, a posted price of fuel oil throughout the year of $1.30 per barrel, tank car delivery, f.o.b. Los Angeles Basin refineries, and a zero per cent discount applicable to the rates charged applicant by Southern Counties Gas Company for wholesale gas purchases. Applicant, in Exhibit 1, had made its estimate on the basis of a 1% discount, and later orally revised the revenue estimates. In the foregoing summary, its estimate has been adjusted to reflect changes in general expense and taxes which would result from the change in the revenue estimate.

It is apparent that there is a considerable difference of opinion in the estimates of revenues and expenses, and likewise in the estimate of rate base. Several major points of difference will be considered and disposed of.

Operating Revenues

The staff estimate of revenue exceeded applicant's estimate by about $283,000. The differences are attributable to a number of factors. The staff estimate was predicated upon a greater increase in the number of customers and a lower assumed heating value of gas available. Of lesser consequence, the staff adopted a smaller correction to adjust recorded consumptions to normal temperature conditions, and used somewhat different assumptions as to average unit revenue. From a consideration of the record, it appears to the Commission that the probable revenues under average conditions will exceed those suggested by applicant, but will be approximately $140,000 less than estimated by the staff. That conclusion is reached as a result of comparisons of the customer estimates with the recent trends of customers. From that information it appears that the 1950 customer growth will be somewhat greater than the company estimate and not as high as the staff estimate. With the number of customers thus reduced, and giving consideration to the consumption per customer and average revenue factors used in the respective estimates, the gross revenue for general service and multiple family housing customers would approximate $7,050,000. Using the staff miscellaneous revenue estimate, and firm industrial revenues adopted as a result of consideration of both the staff's and applicant's estimates of those items, the Commission concludes that under average conditions present rates would produce gross revenues of $7,540,000 in 1950. This assumes that the effective rates for interruptible service would reflect the posted price of fuel oil of $1.30 per barrel throughout the year.

Operating Expenses

The staff estimate of expenses exceeded that of applicant by about $58,000. Its estimates of gas production expense, primarily the cost of natural gas, and taxes, were $139,000 higher than applicant's. The principal items in which applicant exceeded the staff in the expense estimates were distribution expense, administrative and general expense, and depreciation annuity. A comparison of the expense items by their principal subdivisions indicates that the difference in the estimated number of customers is associated with a substantial amount of the difference in expense. For the purpose of this proceeding the lower staff estimate of depreciation annuity will be adopted. In view of differences of opinion respecting the adequacy of the present depreciation reserves, it would appear desirable for applicant, in cooperation with the Commission staff, to undertake a study of the gas department depreciation reserve requirement and to carry such a study to completion promptly. Sales promotion, customer accounting and collecting, and distribution expenses have been adjusted to reflect the change in customer estimate. An amount somewhat less than estimated by applicant for uncollectible bills, more in keeping with the trend of charges to the reserve for uncollectibles, has been adopted. Applicant had included in distribution expenses an item of $52,000, representing anticipated desulphurization costs in connection with the introduction of Texas gas into its system. The staff included an amount for the same item of about one-half that suggested by applicant. The City of San Diego contended that both estimates were higher than necessary because other utilities in southern California had experienced no such difficulties in distributing Texas gas. In view of the discussion of this item in the record, it appears that both estimates are somewhat high and about $15,000 should be sufficient to cover this item.

Cost of Gas Purchased

The cost of natural gas adopted for the purpose of this estimate is predicated upon the contract between applicant and Southern Counties Gas Company of California dated October 4, 1948, heretofore authorized by this Commission in Decision No. 42495, dated February 1, 1949 (48 CPUC 411). Subsequent to approval by this Commission, Southern Counties Gas Company was unable to obtain Federal Power Commission approval of the contract and in lieu thereof has filed with the Federal Power Commission an interim rate schedule applicable to gas delivered to applicant over the Moreno-San Diego line at Rainbow, San Diego County, California. The interim schedule does not apply to deliveries by Southern Counties Gas Company to applicant through the Huntington Beach-San Diego pipe line, which are made at the outskirts of San Diego at Rose Canyon metering station. Under the conditions presently existing, it appears that the only schedule that can be reasonably employed in estimating the cost of purchased gas are the rates contained in the October 4, 1948 contract heretofore mentioned. Should the purchase price ultimately be fixed at a level materially different from that used herein the matter can be reopened to consider such appropriate changes in rates as may be necessary.

Net Return - Present Rates

The revenue estimates adopted herein necessitate minor changes in the franchise requirement expense. The conclusions as to revenue and expenses also require changes in the estimated taxes on income applicable to 1950 operations. The staff's estimate of ad valorem taxes will be adopted. The Commission's review of the expense estimates indicates that in 1950, under average conditions, applicant would experience operating expenses of approximately $6,437,000, leaving a net for return of $1,103,000.

Rate Base

The staff rate base estimate is $677,000 less than that proposed by applicant. This difference is made up of a difference in capital estimates of $107,000, a company adjustment of $187,500 to reflect the present day cost of land, which the staff did not make, a difference of $72,600 in materials and supplies, an amount of $315,000 by which applicant's working cash estimate exceeds that of the staff, and a number of minor differences in the amount of deductions for contributions, advances, and other customary adjustments. The staff estimated a gross working cash allowance equal to one-twelfth the annual cost of purchased gas and fuel, and one-sixth the annual cost of other operating expenses, exclusive of taxes, depreciation and uncollectibles. Applicant's working cash estimate was approximately equal to the staff's gross allowance before adjustment for accrued taxes. Since the average amount of taxes on hand, accrued ahead of payment, exceeded the gross working cash requirement, the staff suggested an allowance for working cash of approximately one-half the gross working cash requirement. The Commission believes that such amount is sufficient and will adopt it for rate base purposes. In a number of recent proceedings the Commission has used a historical cost rate base with lands included at cost rather than at present market value. So long as this treatment is recognized in selecting the allowable rate of return, no injustice will be done in adopting the staff's proposal to include lands at cost. The differences in fixed capital and in materials and supplies are due apparently to the difference in the period when the respective estimates were made, the staff having available somewhat later figures upon which to predicate its estimate. If the fixed capital as estimated by the staff is adjusted to reflect the change in the number of customers, lands included at cost, the staff estimate of working cash accepted, and due consideration given to the other estimates resulting in rate base differences, a rate base of approximately $25,100,000 will result. Using such a base, the Commission concludes that applicant, with present gas rates effective for the entire year 1950, would earn a return of about 4.4% on a historical cost rate base.

Cost of Money

Applicant has financed the cost of its properties, in general, through the issue of bonds, preferred and common stock and through the investment of earnings. Exhibit 25 shows that as of October 31, 1949, it had outstanding $26,000,000 of 3% and 3-1/8% bonds, $13,500,000 of cumulative preferred stock divided almost equally into 4-1/2% and 5% stock, and $19,000,000 par value of common stock divided into 1,900,000 shares of the par value of $10 each. Its balance sheet as of that date shows premiums on capital stock of $2,526,013, reserves for depreciation of $22,495,317, and earned surplus of $3,421,884.

With reference to the common stock, the record shows, among other things, the terms under which it was issued and sold, the earnings on such stock and the dividends paid. Since 1942 applicant has paid dividends on its common stock of 80¢ a share annually, being at the rate of 8% of the par value. The average earnings on the par value of its common stock have been approximately 9%, while the average earnings on the equity capital, including therein the premiums received on the sale of stock and the unappropriated surplus, have been something in excess of 7% of the total amount.

The average effective interest rate applicable to the bonds, preferred stock and sinking fund reserves was estimated by a representative of the Commission's staff at approximately 4% and by applicant at 4.18%. In Exhibit 17, applicant reports the "bare-bones" cost of capital at approximately 5%, including in the calculation an allowance of 7.13% for common stock which, in effect, represents the return produced by the 80¢ dividend on the par value of the stock plus the premiums paid by purchasers. Applicant points out that such an allowance on common stock does not provide any return on the earned surplus heretofore invested in the properties nor any margin, over and above the dividends actually being paid, for surplus. The weighted average thus developed refers to capital invested as of July, 1949.

The record shows that applicant is faced with a substantial construction program in 1950 to meet demands for gas and electric service. During the hearings in the proceeding applicant estimated that to meet such demands it would be called upon to issue $5,000,000 of bonds, $3,500,000 of preferred stock and $6,000,000 of common stock.[3] It is clear that if applicant is to proceed with its program of plant expansion its earnings must be maintained at a level sufficient not only to service the presently outstanding securities, with a reasonable accumulation to surplus, but also to permit the issue and sale upon favorable terms and under prevailing conditions of such additional securities as may be necessary, having due regard to the maintenance of a balanced capital structure and to the effect on the consumers.

Allowable Rate of Return

Upon a full review of the record, the Commission concludes that applicant is not in need of the entire additional annual gross revenues of $972,000 requested by it. It clearly appears, however, that its present rates will not yield it a fair return and that some increase is proper. The rates hereinafter ordered are designed to produce, on an annual basis, additional gross revenues of approximately $540,000.

3/ On February 16, 1950, applicant filed with the Commission an application to issue and sell $5,000,000 par value of its common stock.

An increase of $540,000 in gross revenues should produce a return of approximately 5.65% on a rate base of $25,100,000, based on the assumption that the increased rates would be effective throughout the entire year 1950. Applied to applicant's rate base, they would produce a return of 5.46%. Due to the fact that the increased rates will not be effective for the full year, applicant will not realize the full $540,000 increase in revenues.

If the company's 1950 earnings are tested on a depreciated rate base obtained by deducting the estimated depreciation reserve from the undepreciated rate base, and correspondingly including interest on the depreciation reserve in operating expenses, the resulting rate of return at present rates would be 1/10 per cent lower than hereinabove shown with the use of an undepreciated rate base, and with the rates herein authorized would be only 2/10 per cent higher.

II EVIDENCE ON RATE TARIFFS

Steam Electric Plant Use

The City of San Diego presented an analysis of the allocated cost of natural gas delivered to the distribution system or to other departments of the company. Applicant presently burns large quantities of natural gas in its steam electric generating stations for the production of electric energy. This gas is purchased from Southern Counties Gas Company at a rate other than that paid for either firm or interruptible gas delivered to other customers. The cost of this steam plant gas is charged to the electric department at the same rate that is paid to Southern Counties Gas Company. As a consequence, the electric department carries no portion of any cost of gas department operation associated with the delivery of gas obtained from Southern Counties Gas Company to the electric department. The record shows that in order to obtain gas for the Moreno-San Diego transmission line, applicant had to agree to use natural gas as steam plant fuel to the extent that it was available and was no less economical than other fuels. Applicant presented testimony that it could have obtained fuel oil at approximately $1 per barrel in San Diego, if it had contracted for the exclusive fuel requirements of the steam electric plants. Such a price is equivalent to a cost of gas of about 17¢ per Mcf. On the other hand, the firm gas demands were such that an additional pipe line to the San Diego area was a necessity. Southern Counties agreed to make natural gas available to applicant for steam electric generation at the same rate applicable to Southern California Edison Company and the City of Los Angeles. At a posted price of fuel oil in the Los Angeles Basin of $1.30 per barrel, the corresponding rate for interruptible steam electric plant gas is 17.33¢ per Mcf. The City of San Diego's exhibit, in which it shows its estimate of the cost of gas delivered to the steam electric plants, indicates a cost of 24.6¢. While we believe that gas customers should carry no portion of costs directly associated with the delivery of interruptible gas to the electric plants, we do not believe the present record indicates the desirability of ordering applicant to increase the charges to the electric department and credits to the gas department for gas used for electric generation at this time. There is no evidence that gas department operating costs could be reduced if the use of gas were discontinued as a fuel for steam electric plants.

Interruptible Gas Service

Applicant presently serves natural gas on an interruptible basis to industrial customers under two optional schedules, S-1 and S-2. Both schedules have fuel oil price adjustment clauses which vary the rates with the posted price of fuel oil at the customary ratio of one to six. Schedule S-1, with the posted price of fuel oil at $1.30 per barrel, has effective rates ranging from 33-1/3¢ for the initial block to 24-1/3¢ for consumption in excess of 15,000 Mcf per month. The schedule contains a $15 a month service charge and minimum charges of $35 or more per month, based upon maximum hourly burner capacity. Schedule S-2 has an initial rate of 30-1/3¢, a terminal rate over 10,000 Mcf of 23-1/3¢, a service charge of $21 a month, and minimum charges commencing at $100 a month. Gas served under Schedule S-1 is purchased by applicant from Southern Counties Gas Company at the effective rates of Southern Counties' Schedule 1-D, while gas served under Schedule S-2 is paid for by applicant in accordance with Southern Counties' Schedule S-D. The schedules are applied by individual customers and the average rate paid by applicant for each such customer determines the curtailment priority applicable to that customer. By that mechanism applicant's customers obtain the same curtailment priority as do Southern Counties' interruptible customers. Applicant has proposed a new single interruptible industrial service schedule designed to supplant the two present schedules. The schedule is a block type and has four optional sets of rates applicable to the several blocks. The base rates of the lowest price option decrease from 50¢ per Mcf for the initial block in four steps to 26¢ per Mcf for all consumption over 3,000 Mcf per month. The higher optional rates are obtained by eliminating the lowest rate block in each succeeding option. A fuel price adjustment clause is proposed which would operate when the posted price of fuel oil increasesabove $1.46

per barrel at a ratio of one to six, but no rate would be permitted to exceed 50¢ per Mcf. Curtailment would, as at present, be in accordance with the customer's average rate.

The optional type rate, which is patterned after a rate heretofore proposed by Southern Counties Gas Company in a separate proceeding before the Commission, would give industrial customers an opportunity to improve their priority by electing to pay higher interruptible rates, a feature which is used in justification of the proposal.

The California Manufacturers Association introduced exhibits which indicated that industrial customers of applicant, through the operation of escalator clauses, would in 1950 be paying approximately 30% more than in 1940, while other customers would be paying from 20% to 30% less for equivalent amounts of gas. Their exhibits also showed that the priority bidding proposal as applied to statistics of another southern California gas company results in unnecessarily high revenue payments by industrial customers in attempts to improve the amount of fuel available to them. It does not seem appropriate to permit applicant to introduce the optional type of priority bidding schedule as proposed. Since applicant must obtain interruptible gas from Southern Counties, and since the curtailment priority of applicant's customers must be maintained in harmony with other interruptible customers in the Los Angeles Basin, it does not seem possible at this time to depart materially from the present type of schedules.

Firm Industrial Service

Large industrial and military customers may obtain firm industrial service at the present time under Schedule M-1 at a rate of 50¢ per Mcf during the four winter months, and at a rate of 50¢ per Mcf for the first 300 Mcf and 35¢ per Mcf for all over that amount during the eight summer months. A minimum charge of $3 per customer per hundred cubic feet of maximum hourly demand, with a minimum of $150 per month, is a part of the schedule. Applicant proposed to retain the schedule, increasing the winter monthly rate to 60¢, with a proportionate increase in the winter minimum charge. The summer rate would be retained at its present level but would become a base rate which would escalate when the posted price of fuel oil increased above $1.76 per barrel. The Commission cannot accept applicant's proposal to include an escalator clause in a firm gas tariff. Customers selecting firm service must expect to pay the full cost of such service, together with such margin as is necessary to protect the utility against ordinary fluctuations in costs resulting from changeable operating conditions. It also appears that the low summer rate has its greatest justification as an off-peak promotional load stimulant. This likewise appears to be an undesirable feature in a firm service tariff, and such load factor improvement should be sought through the interruptible type of schedule. As a consequence, the Commission in the order herein will adopt a firm industrial service schedule of the block type, which contains neither a fuel oil escalator clause nor the low summer rate, at a level somewhat above the average annual level of the present rate. The minimum monthly charge applicable to the firm industrial tariff will be reduced to expand the availability of the rate to a larger number of customers. Certain small commercial and industrial customers represented by W. D. MacKay indicated dissatisfaction with the present rate schedules in that the minimum charge on the firm industrial schedule was so high as to require such customers to take service under the general service tariffs. It appears desirable, when possible, to establish tariffs which properly recognize the economies to the utility from high load factor operation. In designing such tariffs it is necessary to bear in mind the characteristics of the customer group to whom the tariffs apply.

Besides reducing the minimum charge on the industrial schedule, it seems desirable in applicant's case to establish a schedule somewhat higher than applicable to small commercial usages, but resulting in somewhat lower average rates for those having better consumption characteristics.

Multiple-Unit Housing Customers

The representatives of the military establishments in the San Diego area and of the United States Public Housing Administration raised objections to both the present and proposed tariffs applicable to such customers. The record shows that applicant presently serves gas to housing projects under the general service schedule except where an enterprise on single premises contains more than 40 separate buildings or more than 150 individual dwelling units. A separate schedule applicable to multiple-unit housing developments at a higher level than the general service rate is applicable to the larger projects. Applicant proposed to continue this rate treatment on the new rates at higher levels. Witnesses for the government presented exhibits showing that the Public Housing Administration for the 12 months ended June 30, 1949, purchased a total of 25,600,000 cubic feet of gas at an average rate of 5.9¢ per hundred cubic feet, and that the proposed rates would result in an increase to an average rate of 7¢. The military establishments in a similar presentation showed that their consumption for the same year was about 116,100,000 cubic feet of gas at an average rate of 6.2¢ which, under the proposed rates, would have increased to 7.3¢ per hundred cubic feet. It appears desirable, as a result of the testimony herein, to remove this source of dissatisfaction. A single system-wide tariff applicable to service through master meters to multiple-unit dwellings is herein adopted. The tariff includes a block rate in which the size of the blocks and the initial rate will depend upon the number of dwelling units, with rates set at levels which will properly recognize the economies resulting from large volume and high load factor consumption. The tariff contains two sets of rates, the lower being available where the customer uses gas for cooking or water heating in addition to any other use.

Space Heating Service

Where gas is used for space heating only, with resultant high cold-weather demands and minimum use in the summertime, service hereafter will be available to customers other than multiple-unit housing customers only under a new system-wide space heating rate. This rate is so designed as to bear its fair share of the demand costs resulting from such service and will carry minimum charges only during the winter heating months to discourage the widespread practice of discontinuing service during the summer nonuse period.

Residential Gas Service

Applicant, at present, has two schedules under which domestic customers now receive service. One schedule applies to customers within the city limits of San Diego, Coronado and National City. The other schedule, at a higher level, applies to customers elsewhere. Applicant's proposed rates retain these two classifications, with minor modifications in the length of consumption blocks and with increases in the block rates. A third schedule was likewise proposed for service to customers in areas adjacent to the Rainbow-San Diego gas transmission line. This latter schedule was at a still higher level and carried substantially greater monthly minimum charges. The Commission staff proposed an increase in the number of rate levels applicable to general service to more properly allocate the variation in customer cost because of service area characteristics. The staff suggested four zones and a possible maximum differential between the zones of $19 per customer per year. In developing the zones the staff reviewed the consumption characteristics of general service customers, the population of the several communities served, the customer density in relation to the length of gas distribution mains, and studied the effect of variation in density on the annual operating costs to serve minimum use customers. The Commission believes that it is proper to establish rates which, as far as practicable, will properly distribute the over-all cost of operation to various customer groups. In view of the testimony herein, the Commission concludes that four rate zones should be established for residential and small commercial customers in applicant's territory. The lowest rate will be applicable to the customers within the City of San Diego. Zone 2 will apply to customers within the city limits of Coronado and National City. Zone 3 will be applicable to customers within the city limits of all other incorporated cities within the service area. Zone 4 will include customers in the unincorporated area served by applicant, including customers served from the Rainbow-San Diego transmission line. Zone 4 rates will be available to the latter group of customers only so long as applicant continues to operate the Rainbow-San Diego line as a transmission line.

Heating Value Adjustments

The suggestion was also made by the Commission staff that applicant incorporate a provision in its tariffs which would provide for the automatic adjustment of rates if the average monthly Btu heating value of the gas now delivered substantially increases or decreases in the future. It was suggested that rates be increased or decreased by 3% for residential and commercial service and a lesser percentage for other services for each change of 50 Btu in the average heating value of the gas supplied. The opinion was expressed by a witness for applicant that such rate adjustment clause was not needed. However, the possibility exists that gas purchased in the future through the Huntington Beach line may be of different heating quality from that obtained through the Moreno line. If such difference in heating value should be substantial, and no automatic rate adjustment provision is incorporated in the tariffs, discrimination might result because of equal charges made for gas of unequal heating value. The Commission is of the opinion it would be appropriate to include a heating value clause in the rates to operate in a manner similar to those provided in the tariffs of other gas utilities.

Spread of Rate Increase

For reasons already discussed, it is believed that the rate schedules hereinafter specified will be equitable and reasonable. The rates will produce approximately 7% more revenue than present rates, but the schedules adopted will not necessarily result in uniform increases as between the several classes of customers nor even between customers with different loads on the same schedules. The following summary indicates the average increases applicable to the several classes of customers:

Class of Service	Average Rate Per Mcf Old	Average Rate Per Mcf New	Increase
Residential - Single Family	$1.058	$1.134	7.2%
Residential - Multiple Unit	.605	.663	9.9
Commercial	.716	.771	7.8
Industrial - Firm	.440	.464	5.4
Industrial - Interruptible	.264	.279	5.7
Composite	.847	.909	7.3

O R D E R

San Diego Gas and Electric Company having applied to the Commission for an order authorizing certain increases in rates and charges, public hearings having been held, the matter having been submitted for decision upon the filing of written statements, and the Commission being fully advised in the premises, IT IS HEREBY FOUND AS A FACT that the increases in rates and charges authorized herein are justified; therefore,

IT IS HEREBY ORDERED as follows:

1. San Diego Gas and Electric Company is authorized and directed to file, after the effective date hereof, the schedule of rates, special conditions, rules and regulations shown in Exhibit A, attached hereto, in accordance with the provisions of the Commission's General Order No. 96, and after not less than five days' notice to the Commission and to the public, to make such rates effective for service furnished on and after May 15, 1950, except that customers to whom Schedule G-15, Space Heating Natural Gas Service, applies will be billed on the basis of the "summer rates" in lieu of the "winter rates" during the period May 15 to June 1, 1950.

2. San Diego Gas and Electric Company is directed to refile its Preliminary Statement and Description of Rate Zones in accordance with the applicability clauses of tariffs attached hereto in Exhibit A.

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

Dated at San Francisco, California, this 11th day of April, 1950.

R. E. Mittelstaedt

Justus F. Craemer

Ira H. Rowell

Harold P. Huls

Kenneth Potter

Commissioners

LIST OF WITNESSES

For Applicant. L. M. Klauber (department and system earnings, trend of financial and construction requirements, history of operations, present day cost of money, earning requirement on equity capital, earnings under proposed rates), George R. Gray (fixed capital and rate base), Roger S. Ruffin (present day cost of lands), J. M. Bourus (working cash, balance sheet, depreciation reserve, customer accounting and collecting expense, administrative and general expense, taxes, historical cost of money), H. G. Dillin (sales and revenues, sales promotion expense, comparison present and proposed rates), Earl A. Noble (production, transmission and distribution expense), and E. D. Sherwin (depreciation annuity).

For California Manufacturers Association. George Kinsman (industrial rates).

For U. S. military establishments. A. B. Starr (government gas purchases).

For U. S. Public Housing Administration. Paul M. Sapp (peak hour loads, housing project purchases).

For the City of San Diego. C. A. Winder (cost of gas delivered) and Orin Cope (taxes).

For the Commission staff. Richard Entwistle (financial statements), Charles W. Mors (statistical and operating data, working cash, results of operations), Manley W. Edwards (customer distribution, usage and rates), Frank F. Watters (temperature adjustments, sales, revenues and cost of gas), Elmer L. Gates (transmission, distribution, sales promotion, customer accounting expenses), Donald C. Neill (general and administrative expenses and taxes), Lloyd E. Cooper (depreciation annuity), and Chesley G. Ferguson (fixed capital and rate base).

A-30338 HS

Schedule No. G-1

SINGLE FAMILY RESIDENTIAL OR SMALL COMMERCIAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service for residential purposes of cooking, water heating, space heating, all-year air conditioning, refrigeration or other domestic uses or any combination thereof, in single family dwellings and in separately metered flats, apartments, bungalow courts and multiple housing units where such flat, apartment, court or unit has a separate meter for each family residing therein, or for small commercial customer usage; exclusive of master meter service to multiple family dwellings, and exclusive of service where use is primarily for space heating for human comfort.

TERRITORY
A-(1080 Btu.)

Applicable within the incorporated limits of the City of San Diego.

RATES

Commodity Charge:	Per Meter Per Month Base and Effective Rates 1080 Btu
First 200 cu.ft. or less	$1.00
Next 2,800 cu.ft., per 100 cu.ft.	.095
Next 7,000 cu.ft., per 100 cu.ft.	.076
Over 10,000 cu.ft., per 100 cu.ft.	.063

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(c).

Minimum Charge:

$1.00 per meter per month.

SPECIAL CONDITION

If the owner, lessee or operator of apartments or multiple dwellings of four or more separately metered single family units 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 have 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.

A-30338 HS

Schedule No. G-2

SINGLE FAMILY RESIDENTIAL OR SMALL COMMERCIAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service for residential purposes of cooking, water heating, space heating, all-year air conditioning, refrigeration or other domestic uses or any combination thereof, in single family dwellings and in separately metered flats, apartments, bungalow courts and multiple housing units where such flat, apartment, court or unit has a separate meter for each family residing therein, or for small commercial customer usage; exclusive of master meter service to multiple family dwellings, and exclusive of service where use is primarily for space heating for human comfort.

TERRITORY
A-(1080 Btu)

Applicable within the incorporated limits of the cities of Coronado and National City.

RATES

Commodity Charge:	Per Meter Per Month Base and Effective Rates 1080 Btu
First 200 cu.ft. or less	$1.05
Next 2,800 cu.ft., per 100 cu.ft.	.098
Next 7,000 cu.ft., per 100 cu.ft.	.078
Over 10,000 cu.ft., per 100 cu.ft.	.063

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(c).

Minimum Charge:

$1.05 per meter per month.

SPECIAL CONDITION

If the owner, lessee or operator of apartments or multiple dwellings of four or more separately metered single family units 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 have 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

SINGLE FAMILY RESIDENTIAL OR SMALL COMMERCIAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service for residential purposes of cooking, water heating, space heating, all-year air conditioning, refrigeration or other domestic uses or any combination thereof, in single family dwellings and in separately metered flats, apartments, bungalow courts and multiple housing units where such flat, apartment, court or unit has a separate meter for each family residing therein, or for small commercial customer usage; exclusive of master meter service to multiple family dwellings, and exclusive of service where use is primarily for space heating for human comfort.

TERRITORY

A-(1080 Btu)

Applicable within the incorporated limits of the cities of Chula Vista, La Mesa, El Cajon, Oceanside and Escondido.

RATES

Commodity Charge:	Per Meter Per Month Base and Effective Rates 1080 Btu
First 200 cu.ft. or less	$1.15
Next 2,800 cu.ft., per 100 cu.ft.	.104
Next 7,000 cu.ft., per 100 cu.ft.	.079
Over 10,000 cu.ft., per 100 cu.ft.	.063

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(c).

Minimum Charge:

$1.15 per meter per month.

SPECIAL CONDITION

If the owner, lessee or operator of apartments or multiple dwellings of four or more separately metered single family units obligates himself to pay all bills for gas service furnished thereto, then the monthly minimum charge shall be $1.15 multiplied by 50% of the number of such meters installed, but in no event less than $3.45. No bill shall be rendered for gas delivered through any such meter until and unless at least 200 cubic feet of gas have 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

SINGLE FAMILY RESIDENTIAL OR SMALL COMMERCIAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service for residential purposes of cooking, water heating, space heating, all-year air conditioning, refrigeration or other domestic uses or any combination thereof, in single family dwellings and in separately metered flats, apartments, bungalow courts and multiple housing units where such flat, apartment, court or unit has a separate meter for each family residing therein, or for small commercial customer usage; exclusive of master meter service to multiple family dwellings, and exclusive of service where use is primarily for space heating for human comfort.

TERRITORY
A-(1080 Btu)

Applicable within all unincorporated territory in the service area of the company.

RATES

Commodity Charge:	Per Meter Per Month Base and Effective Rates 1080 Btu
First 200 cu.ft. or less	$1.25
Next 2,800 cu.ft., per 100 cu.ft.	.110
Next 7,000 cu.ft., per 100 cu.ft.	.080
Over 10,000 cu.ft., per 100 cu.ft.	.063

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(c).

Minimum Charge:

$1.25 per meter per month.

SPECIAL CONDITIONS

1. If the owner, lessee or operator of apartments or multiple dwellings of four or more separately metered single family units 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 have 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.

2. Service under this schedule from the Rainbow-San Diego transmission line will be available at such locations as the company may for its operating convenience provide taps, provided (a) suitable rights of way from such tap points can be obtained without cost to, or condemnation by, the company and (b) a contract for such service is consummated for a period of (1) year when service is first rendered and thereafter until canceled by either party by written notice thirty (30) days in advance of the date service is to be terminated. Such contract must be on one of the standard forms of the company regularly filed with the California Public Utilities Commission, in force at the time and applicable to service under this schedule.

Schedule No. G-10

MULTIPLE FAMILY RESIDENTIAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to apartments, courts, multiple dwellings or housing projects where all gas for residential uses is supplied through a master meter.

TERRITORY
A-(1080 Btu)

Applicable within the entire territory served by the company.

RATES

Commodity Charge:	Per Meter Per Month Base and Effective Rates 1080 Btu	
	"M"	"S"
First 200 cu.ft. or less per separate family unit:		
First Unit..	$1.25	$1.25
Next 9 Units per Unit..........................	.75	.75
Over 10 Units per Unit..........................	.30	.30
Over 200 cu.ft. per unit, per 100 cu.ft..........	.058	.073

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(c).

Minimum Charge Per Month:

The commodity charge for the first 200 cu.ft. per separate family unit based on the total number of units.

SPECIAL CONDITIONS

1. Rate "M" will apply to all multiple unit customers where gas is regularly used as the principal fuel (except in minor appliances) for cooking or water heating, including or excluding the use of gas for other fuel requirements.

2. Rate "S" will apply to customers where use is primarily for space heating for human comfort or where customers do not qualify for rate "M".

3. Service under this schedule will be rendered only at such locations as the Company may have existing mains and facilities of such capacity as will be necessary to supply the requirements of the project, without detriment to existing service. The Company will furnish, install, own, and maintain a regulator and metering equipment at point of delivery to be approved by the Company. The expense of any extension in excess of 225 feet of pipe necessary to reach such point of delivery must be borne by the customer. Delivery of gas hereunder shall be at such standard pressure as may be established by the Company, based on available pressure in its existing mains, and the delivery pressure will be subject to reasonable variation, above and below such standard.

4. The customer shall furnish, install, own, maintain, and service all facilities, including mains, service piping, regulators and other piping and apparatus necessary for receiving and utilizing such gas service beyond the point of delivery.

Schedule No. G-10 (Continued)

SPECIAL CONDITIONS

5. For billing service hereunder, a unit shall be each separate single family accommodation, counting each such unit as one, irrespective of occupancy, and when deemed necessary, the Company shall make a survey of the dwellings in the project to establish the billing basis applicable thereto, such finding being effective until a succeeding survey.

6. A contract for a period of not less than one year or approved Government Form of contract may be required under this schedule. Such contract shall specify the number of units to be served. The Company may not be required to supply capacity in excess of that contracted for except by mutual agreement.

7. For service to other than residential customers located within areas served under this schedule, the company may at its option require appropriate service extensions for separate metering or for submetering.

Schedule No. G-15

SPACE HEATING NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to domestic, commercial or industrial customers where use is primarily for space heating for human comfort, exclusive of master meter service to multiple family dwellings.

TERRITORY
A-(1080 Btu)

Applicable within the entire territory served natural gas by the company.

RATES

Commodity Charge:	Per Meter Per Month Base and Effective Rates 1080 Btu
First 400 cu.ft. or less	
Winter Months, December-May	$2.10
Summer Months, June-November, per 100 cu.ft.	.110*
Next 2,600 cu.ft., per 100 cu.ft.	.110
Next 7,000 cu.ft., per 100 cu.ft.	.090
Over 10,000 cu.ft., per 100 cu.ft.	.073

* Except for closing bills, no summer bills will be presented until the accumulated usage during the six billing periods ending with regular meter readings taken in the summer months exceeds 1,000 cu.ft., in which event the accumulated usage will be billed at the commodity rates as if consumed during a regular billing period. When the summer usage does not exceed 1,000 cu.ft., said usage will be added to the regular meter reading in December and billed at the regular rate as if consumed in the first winter period.

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(c).

Minimum Charge:

$2.10 per meter per month - Winter Months, December-May.
No minimum - Summer Months, June-November.

SPECIAL CONDITION

For purpose of computing charges, the months named in the rates above are the regular monthly meter reading periods ending in each named month.

Schedule No. G-20

COMMERCIAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to commercial or industrial customers, exclusive of residential service to single family dwellings or to apartments, courts, multiple dwellings or housing projects where gas is supplied through a master meter, and exclusive of service where use is primarily for space heating for human comfort.

TERRITORY
A-(1080 Btu)

Applicable within the entire territory served natural gas by the company.

RATES

Commodity Charge:

	Per Meter Per Month Base and Effective Rates 1080 Btu
First 10 Mcf or less................................	$9.00
Next 10 Mcf, per Mcf............................	.61
Over 20 Mcf, per Mcf............................	.55

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(c).

Minimum Charge:

$9.00 per meter per month.

Schedule No. G-40

FIRM INDUSTRIAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to natural gas service to industrial customers; exclusive of residential service or service to multiple family dwellings on master meter, or where use is primarily for space heating for human comfort.

TERRITORY
A-(1080 Btu)

Applicable within the entire territory served natural gas by the company.

RATES

Commodity Charge:	Per Meter Per Month Base and Effective Rates 1080 Btu
First 175 Mcf or less	$100.00
Next 125 Mcf, per Mcf	0.48
Over 300 Mcf, per Mcf	0.45

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(c).

Minimum Charge:

Per Meter Per Month	$100.00

SPECIAL CONDITIONS

1. Military or government customers will not be served under this schedule unless their principal use is industrial in nature, except that non-industrial military customers receiving service under former Schedule M-1 as of April 1, 1950 will be permitted to receive service under this schedule in the future so long as continuous service is maintained.

2. A contract for a period of at least twelve consecutive months will be required covering service under this schedule. A three-year contract may be required in cases where the extension of facilities and/or other construction work is required.

Schedule No. G-50

INTERRUPTIBLE INDUSTRIAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to the sale of natural gas for use in high pressure steam boilers (excluding building heating installations where the minimum guarantee is less than $200 per month), or boilers producing steam primarily for industrial purposes, incinerators, evaporators, drying ovens, kilns, vitreous enameling furnaces, steel and iron melting furnaces, calciners and asphalt melting tanks or similar industrial equipment where operation can be readily continued on fuels other than gas in case of shutoff of supply as provided in the special conditions following.

TERRITORY

Available only in that territory traversed by and adjacent to distribution mains, during such periods as in the opinion of the Company, said mains will have a delivery capacity in excess of the requirements of all firm service customers and the requirements of the Company's gas and electric works.

RATES

	Per Meter Per Month
Service Charge:	$15.00

Commodity Charge: (To be added to Service Charge)		Base and Minimum Rate 1080 Btu	Maximum Rate	Effective Rate 1080 Btu
First	100,000 cu.ft., per Mcf	$0.29	$0.44	$0.34833
Next	100,000 cu.ft., per Mcf	.28	.43	.33833
Next	100,000 cu.ft., per Mcf	.27	.42	.32833
Next	200,000 cu.ft., per Mcf	.24	.39	.29833
Next	2,000,000 cu.ft., per Mcf	.22	.37	.27833
Next	5,000,000 cu.ft., per Mcf	.215	.365	.27333
Next	7,500,000 cu.ft., per Mcf	.205	.355	.26333
Over	15,000,000 cu.ft., per Mcf	.20	.35	.25833

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(C) and a posted price of Bunker fuel oil of $1.30 per barrel, as set forth in Special Condition 1 on the following page.

Minimum Charge:
Based on aggregate maximum hourly burner capacity per month as follows:

500 cu.ft. or less	$ 35.00
501- 1,000 cu.ft	40.00
1,001- 2,500 cu.ft	50.00
2,501- 5,000 cu.ft	75.00
5,001-10,000 cu.ft	100.00
Over 10,000 cu.ft	10.00 per 1,000 cu.ft. or fraction thereof

Minimum to be paid monthly and in the case of seasonal business, (which is normally operated less than ten months in the year) the minimum charge will be made cumulative on an annual basis.

In case of building heating boiler installations, the minimum shall be $200 per month, not cumulative.

Schedule No. G-50

INTERRUPTIBLE INDUSTRIAL NATURAL GAS SERVICE
(Continued)

SPECIAL CONDITIONS

1. The rates in effect at any time are subject to a change (within the rate limits quoted above) of 1/6 of one cent per thousand cubic feet for each change of one cent in the posted price of fuel oil above or below 95¢ per barrel. For the purpose hereof said posted price means the price in tank car lots of Bunker fuel oil, viscosity specification of 165 seconds or over, Saybolt Furol at 122 degrees Fahrenheit, as quoted to customers generally, either by the Standard Oil Company of California at its El Segundo Refinery, or by the General Petroleum Corporation of California at its Torrance Refinery, or by the Union Oil Company of California at its Wilmington Refinery, whichever posted price is the lowest.

When a change in the price of oil occurs, the Company shall submit to the Public Utilities Commission, within a period of fifteen (15) days, an Advice Letter and appropriate supplemental tariff schedules, setting forth the new effective rates, and accompanied by an affidavit of such change in the price of fuel oil. The new rates shall be effective on all regular meter readings taken on and after the thirtieth (30) day following such change in the price of fuel oil.

The rates established herein include only such Federal, State and/or Municipal taxes as were effective at the time of filing this schedule. In case any such taxes heretofore established should be increased, or should any new tax be imposed after the effective date of this schedule, which would affect ultimate sales to the customer, the above rates may be revised so as to cover such changes in the cost of the service.

2. In case rate changes to be made in conformity with rate adjustment in heating value rule, Rule and Regulation No. 2(C), and Special Condition 1 above, are due to become effective within fifteen (15) days of each other, then the two shall be combined and the later date of the two effective dates shall govern.

3. The Company shall not be obligated to furnish interruptible industrial service hereunder except to the extent that, in its judgment, it will have a supply of natural gas, and existing main capacity at the point of service sufficient to meet applicant's requirements in addition to those of all the Company's other customers.

4. This schedule is not applicable to service for the following: residences, flats, apartments, churches, schools, restaurants, cafes, greenhouses or nurseries; incubators, brooders, baking ovens or confectioners; space heaters, hot air furnaces, low pressure central heating systems, hot water heaters, or storage tanks for domestic or commercial uses; equipment for cooking or preparation of meals; domestic or commercial uses dependent upon atmospheric temperatures (except for high pressure steam boiler installations as provided for in the first paragraph above); direct-fired processing equipment uses for newspapers, printing or publishing establishments; nor for internal combustion engines. This schedule is not applicable to standby or auxiliary service.

Schedule No. G-50

INTERRUPTIBLE INDUSTRIAL NATURAL GAS SERVICE
(Continued)

SPECIAL CONDITIONS (Continued)

5. Customers supplied under this schedule will be required at all times to maintain adequate standby fuel equipment and an adequate supply of standby fuel.

6. Service under this schedule is subject to discontinuance immediately without notice, in case of an actual or threatened shortage of supply of natural gas or on account of emergency conditions which may exist on natural gas transmission lines.

7. Service to domestic and commercial customers and other customers paying a higher rate than herein provided, has priority over service under this schedule in case of a shortage of gas. Customers under this schedule will be curtailed by average rate blocks on the basis of the respective purchase price of interruptible gas for each customer hereunder.

8. In the event that it is necessary temporarily to discontinue service as above, the service charge, consumption charge, and minimum charge will be prorated on the basis of the ratio of the number of days on which service was available to the number of days in the billing period. For this purpose service will be considered available if curtailed by the Company less than eight hours in any particular day.

9. Service under this schedule is subject to permanent discontinuance at any time that the supply of interruptible gas for resale by the Company may be limited or discontinued or in case the demands of domestic and commercial customers, in the opinion of the Company, require additional delivery capacity. In no case will the Company renew or increase the size of its transmission or distribution facilities for the purpose of furnishing or maintaining capacity necessary to supply service under this schedule.

10. The Company will not be liable for damages occasioned by discontinuance of gas service.

11. A contract covering the fuel requirements for operation of designated apparatus of the customer for a period of not less than one year will be required as a condition precedent to service under this schedule, and said contract will thereafter continue in effect until cancelled by either party upon 30 days' written notice, provided that if the customer's requirements for fuel are permanently increased or decreased due to changed conditions of operation, or due to change in apparatus from that originally designated, he shall notify the Company in writing prior to such change, and may be changed to the other schedule of rates more applicable to his new requirements for which he can properly qualify, except that nothing herein shall be construed as allowing the customer to change contracts for the purpose of obtaining priority of service during peak or shutoff seasons. In the event that the price of natural gas is increased, due to the change in the purchase price of interruptible gas, or due to a change in taxes, as hereinbefore provided, the customer may terminate his contract for service thereunder at any time within thirty days from the date of any such increase in gas rates, by notifying the Company in writing, specifying the date such contract is to be terminated.

12. Interruptible natural gas will be delivered at pressures not higher than the Company may have available in its then existing mains adjacent to the customer's premises.

Schedule No. G-50

INTERRUPTIBLE INDUSTRIAL NATURAL GAS SERVICE
(Continued)

SPECIAL CONDITIONS (Continued)

13. The foregoing rates and conditions contemplate that burners and other utilization equipment will be installed and owned by the customer.

14. The maximum hourly burner capacity herein referred to will be based upon the rated burner capacity at maximum operating pressure or upon 100% of the rated boiler capacity assuming an efficiency of 70%. Such rating will be subject to change if upon test the actual maximum hourly rate is shown to be more than determined upon the basis of the boiler capacity. High pressure steam boilers as referred to herein shall be defined as being boilers having a rated pressure in excess of 15 pounds per square inch.

15. Failure to comply with the provisions of this schedule shall be sufficient cause for the discontinuance of service hereunder.

A-30338
DH

Schedule No. G-51

INTERRUPTIBLE INDUSTRIAL NATURAL GAS SERVICE

APPLICABILITY

Applicable to the sale of natural gas for use in high pressure steam boilers (excluding building heating boiler installations where the minimum guarantee is less than $200 per month), or boilers producing steam primarily for industrial purposes, incinerators, evaporators, drying ovens, kilns, vitreous enameling furnaces, steel and iron melting furnaces, calciners and asphalt melting tanks or similar industrial equipment where operation can be readily continued on fuels other than gas in case of shutoff of supply as provided in the special conditions following.

TERRITORY

Available only in that territory traversed by and adjacent to distribution mains, during such periods as in the opinion of the Company, said mains will have a delivery capacity in excess of the requirements of all firm service customers and the requirements of the Company's gas and electric works.

RATES

	Per Meter Per Month
Service Charge:	$21.00

Commodity Charge:
(To be added to Service Charge)

		Minimum Rate	Base Rate 1080 Btu	Maximum Rate	Effective Rate 1080 Btu
First	700,000 cu.ft., per Mcf	$0.25	$0.26	$0.400	$0.31833
Next	9,300,000 cu.ft., per Mcf	.185	.195	.335	.25333
Over	10,000,000 cu.ft., per Mcf	.180	.19	.330	.24833

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(C), and a posted price of Bunker fuel oil of $1.30 per barrel, as set forth in Special Condition 1 below.

Minimum Charge:

Based on aggregate maximum hourly burner capacity as follows per month:

10,000 cu.ft. or less	$100.00
Over 10,000 cu.ft..........................	10.00 per 1,000 cu.ft. or fraction thereof

Minimum to be paid monthly and in the case of seasonal business, (which is normally operated less than ten months in the year) the minimum charge will be made cumulative on an annual basis, but in no event shall the minimum charge be less than $1,500 per year.

In case of building heating boiler installations the minimum shall be $200 per month, not cumulative.

A-30338
DH

Schedule No. G-51

INTERRUPTIBLE INDUSTRIAL NATURAL GAS SERVICE
(Continued)

SPECIAL CONDITIONS

1. The rates in effect at any time are subject to a change (within the rate limits quoted above) of 1/6 of one cent per thousand cubic feet for each change of one cent in the posted price of fuel oil above or below 95¢ per barrel. For the purpose hereof said posted price means the price in tank car lots of Bunker fuel oil, viscosity specification of 165 seconds or over, Saybolt Furol at 122 degrees Fahrenheit, as quoted to customers generally, either by the Standard Oil Company of California at its El Segundo Refinery, or by the General Petroleum Corporation of California at its Torrance Refinery, or by the Union Oil Company of California at its Wilmington Refinery, whichever posted price is the lowest.

When a change in the price of fuel oil occurs, the Company shall submit to the Public Utilities Commission, within a period of fifteen (15) days, an Advice Letter and appropriate supplemental tariff schedules, setting forth the new effective rates, and accompanied by an affidavit of such change in the price of fuel oil. The new rates shall be effective on all regular meter readings taken on and after the thirtieth (30) day following such change in the price of fuel oil.

The rates established herein include only such Federal, State, and/or Municipal taxes as were effective at the time of filing this schedule. In case any such taxes heretofore established should be increased, or should any new tax be imposed after the effective date of this schedule, which would affect ultimate sales to the customer, the above rates may be revised so as to cover such changes in the cost of the service.

2. In case rate changes to be made in conformity with rate adjustment in heating value rule, Rule and Regulation No. 2(C), and Special Condition 1 above, are due to become effective within fifteen (15) days of each other, then the two shall be combined and the later date of the two effective dates shall govern.

3. The Company shall not be obligated to furnish interruptible industrial service hereunder except to the extent that, in its judgment, it will have a supply of natural gas, and existing main capacity at the point of service sufficient to meet applicant's requirements in addition to those of all the Company's other customers.

4. This schedule is not applicable to service for the following: residences, flats, apartments, churches, schools, restaurants, cafes, greenhouses or nurseries; incubators, brooders, baking ovens or confectioners; space heaters, hot air furnaces, low pressure central heating systems, hot water heaters, or storage tanks for domestic or commercial uses; equipment for cooking or preparation of meals; domestic or commercial uses dependent upon atmospheric temperatures (except for high pressure steam boiler installations as provided for in the first paragraph above); direct-fired processing equipment uses for newspapers, printing or publishing establishments; nor for internal combustion engines. This schedule is not applicable to standby or auxiliary service.

5. Customers supplied under this schedule will be required at all times to maintain adequate standby fuel equipment and an adequate supply of standby fuel.

Schedule No. G-51

INTERRUPTIBLE INDUSTRIAL NATURAL GAS SERVICE
(Continued)

SPECIAL CONDITIONS (Continued)

6. Service under this schedule is subject to discontinuance immediately without notice, in case of an actual or threatened shortage of supply of natural gas or on account of emergency conditions which may exist on natural gas transmission lines.

7. Service to domestic and commercial customers and other customers paying a higher rate than herein provided, has priority over service under this schedule in case of a shortage of gas. Customers under this schedule will be curtailed by average rate blocks on the basis of the respective purchase price of interruptible gas for each customer hereunder.

8. In the event that it is necessary temporarily to discontinue service as above, the service charge, consumption charge, and minimum charge will be prorated on the basis of the ratio of the number of days on which service was available to the number of days in the billing period. For this purpose service will be considered available if curtailed by the Company less than eight hours in any particular day.

9. Service under this schedule is subject to permanent discontinuance at any time that the supply of interruptible gas for resale by the Company may be limited or discontinued or in case the demands of domestic and commercial customers, in the opinion of the Company, require additional delivery capacity. In no case will the Company renew or increase the size of its transmission or distribution facilities for the purpose of furnishing or maintaining capacity necessary to supply service under this schedule.

10. The Company will not be liable for damages occasioned by discontinuance of gas service.

11. A contract covering the fuel requirements for operation of designated apparatus of the customer for a period of not less than one year will be required as a condition precedent to service under this schedule, and said contract will thereafter continue in effect until cancelled by either party upon 30 days' written notice, provided that if the customer's requirements for fuel are permanently increased or decreased due to changed conditions of operation, or due to change in apparatus from that originally designated, he shall notify the Company in writing prior to such change, and may be changed to the other schedule of rates more applicable to his new requirements for which he can properly qualify, except that nothing herein shall be construed as allowing the customer to change contracts for the purpose of obtaining priority of service during peak or shutoff seasons. In the event that the price of natural gas is increased, due to the change in the purchase price of interruptible gas, or due to a change in taxes, as hereinbefore provided, the customer may terminate his contract for service thereunder at any time within 30 days from the date of any such increase in gas rates, by notifying the Company in writing, specifying the date such contract is to be terminated.

A-30338
DH

Schedule No. G-51

INTERRUPTIBLE INDUSTRIAL NATURAL GAS SERVICE
(Continued)

SPECIAL CONDITIONS (Continued)

12. Interruptible natural gas will be delivered at pressures not higher than the Company may have available in its then existing mains adjacent to the customer's premises.

13. The foregoing rates and conditions contemplate that burners and other utilization equipment will be installed and owned by the customer.

14. The maximum hourly burner capacity herein referred to will be based upon the rated burner capacity at maximum operating pressure or upon 100% of the rated boiler capacity assuming an efficiency of 70%. Such rating will be subject to change if upon test the actual maximum hourly rate is shown to be more than determined upon the basis of the boiler capacity. High pressure steam boilers as referred to herein shall be defined as being boilers having a rated pressure in excess of 15 pounds per square inch.

15. Failure to comply with the provisions of this schedule shall be sufficient cause for the discontinuance of service hereunder.

RULE AND REGULATION NO. 2

CHARACTER OF SERVICE

(Continued)

(C) Rate Adjustment for Heating Value:

The effective rates in those schedules providing for Btu adjustment as per 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 1,080 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 1,080 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 1,080 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 rate) 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 1,000 cubic feet (Mcf) and will become effective fifteen (15) days thereafter.

Residential Natural Gas Service	- 3% per 50 Btu step
Multiple Family Residential Natural Gas Service	- 3% per 50 Btu step
Space Heating Natural Gas Service	- 3% per 50 Btu step
Commercial Natural Gas Service	- 3% per 50 Btu step
Firm Industrial Natural Gas Service	- 2% per 50 Btu step
Interruptible Industrial Natural Gas Service	- 1% 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.