

ORIGINALDecision No. 53528

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 it)
 to increase the rates charged by)
 it for electricity.)

Application No. 36579
 2nd Supplemental

SECOND SUPPLEMENTAL OPINIONReason for Supplemental Decision

Decision No. 51687, dated July 18, 1955 in the above-entitled application left for supplemental decision several items involving rate zoning and rate matters. Section 5 of the order under that decision required a study on rate zoning and expressed the intent of the Commission to schedule a subsequent hearing on the zoning problem. Section 6 of the order stated as follows:

"By the date of the public hearing mentioned in Section 5 hereof applicant shall have studied the following and be prepared to present evidence thereon:

- a. The premise rule and the capital displaced and effect on applicant's revenue if the government's suggestions are adopted.
- b. Appropriate voltage discounts and the revenue effect thereof if applied to Schedules A-1, A-2, and P-2.
- c. Fuel clauses, methods to simplify and possible effect of deletion of the fuel clauses.
- d. Possibility of converting Schedule P-2 to a general service type of schedule.
- e. Effect of elimination of minimum charges in the domestic and general service schedules on single-phase service.
- f. The revenue effect of opening the general service schedule to 3-phase low voltage service.

- "g. Inclusion of incidental farm use in the applicability clause of domestic service.
- h. Comparison of 1955 recorded monthly revenues and expenses with applicant's estimates in evidence herein."

The first supplemental opinion and order hereunder ruled on several motions but did not decide any of these supplemental matters.

Additional Public Hearing

In addition to the original 14 days of hearing, thus far, four more days of hearing have been held on these several matters before Commissioner Justus F. Craemer and Examiner M. W. Edwards on February 1, 2, May 31, and June 1, 1956 in San Diego. Applicant presented 10 exhibits and testimony by four witnesses on these items. Several of the appearances cross-examined the witnesses and three of them presented evidence on certain of these supplemental matters. The Commission staff also cross-examined these witnesses and through a staff representative presented a supplemental study on zoning, Exhibit No. 16-A. The function of this second supplemental opinion and order is to rule on these several matters other than zoning.

The Premise Rule

The agencies of the United States Government proposed that the definition of premises¹ revert back to that definition in effect prior to July 1, 1946. Such definition provides an exception that

1 The present definition which applicant now has on file with the Commission is:

"The term 'premise', as used herein, means all real property and apparatus employed in a single enterprise on an integral parcel of land undivided by dedicated streets, alleys, public highways or railways."

The former definition of premise was:

"Premises are all real property and apparatus employed in a single enterprise on an integral parcel of land undivided (excepting in the case of industrial, agricultural, oil field and resort enterprise and public or quasi-public institutions) by public highways and railways."

would permit the government to combine several metering and service points at an indicated annual saving of \$53,259 in electric bills at five different installations. Exhibit No. 57 by the government indicates that on such combination the applicant could retire \$41,663 in capital. Such figures are considerably smaller than the decrease in revenue of \$82,000 and capital retirement of \$176,000 shown in applicant's Exhibit No. 49 for military installations.

The government contends that the present rule is discriminatory as between identical customers because the customer whose property may be bisected by highways or railways must have two or more service and meter points, while the other customer can obtain the advantage of a single meter and service connection. In some cases the government may donate property to the state for a highway and then as soon as the highway is installed the rule requires changes in the number of service points and metering arrangement at both an increased capital and operating expense to the government.

The applicant contends that, as a utility in the business of distributing electricity, it is improper for the customer to be permitted to extend his facilities across streets, alleys and railways. In addition to losses from the military, applicant contends that it would suffer an estimated annual revenue reduction of at least \$34,500 from the aircraft business and \$21,900 from other customers if the old rule were reinstated.

This definition was first changed for the gas service by formal decision of the Commission on July 26, 1944, Decision No. 37234, in response to Application No. 26198 by the applicant. The definition for the electric service was changed later by Commission Resolution E-525, effective July 1, 1946. Both of these changes were made ex parte, without a public hearing. In authorizing the revised gas definition the Commission stated: "Such authorization should be looked upon as permissive only until such time as

a more comprehensive review of applicant's rates and practices can be made."

Applicant's original reason for seeking the change in the definition was due to the war effort and extraordinary building growth in its territory. It is the Commission's opinion that conditions have stabilized sufficiently since the war and applicant has grown to such size, that reversion back to a definition substantially similar to the old definition of premises will not be as burdensome as originally anticipated. Such revised rule will provide reasonably uniform treatment for the government throughout the state. Any change resulting will not occur all at once, but will take place over a period of time. Furthermore, applicant may be able to sell some of its distribution system to certain customers and should not be faced with as much cost for removal, loss in depreciation reserve, and cost of added plant as shown in its Exhibit No. 49.

A representative for Safeway Stores was concerned over the present definition of premises which classes alleys in the same category as streets, public highways or railways. His point was that Safeway has many stores where it provides a parking lot across an alley from the store and now must have a separate meter and service for the parking lot. We see no harm in combining the load across the alley with the main load so long as the wiring is placed underground and does not involve the danger of overhead wiring across the alley. An appropriate revised premise rule will be provided by the order herein.

Voltage Discounts

Applicant's general service and power rates do not contain a voltage discount clause where the customer takes service at a voltage higher than the normal secondary or regular distribution voltage available. The government contends that Schedule P-2 in effect has a voltage discount because it provides for two rates,

Rates A and B. Rate A covers the customer who has his own substation installation or transformer installation and Rate B is about 3 per cent higher for the customer who obtains his transformer installation from the company. The government prepared some estimates, Exhibit No. 41, and contends that for 4-kv service the discount should be nearly 10 per cent and for 12-kv service about 8 per cent in contrast to the approximate 3 per cent now available in Schedule P-2. The government asks that a single rate be established for Schedule P-2 to which a voltage discount could be applied at the various service voltages.

Applicant studied the voltage discount matter and in Exhibit No. 50, after considering the cost savings to the utility, the value of the service, and the general desirability of keeping the power distribution activity under the control and responsibility of the regulated utility, suggested the following voltage discounts:

For 4,160- or 2,400-volt service	3%
For 12,000-volt service	4%
For 69,000-volt service	7%

If these voltage discounts are adopted applicant suggests that Rates A and B on Schedule P-2 be replaced by one rate which, when reduced by 4 per cent for 12-kv delivery, would be approximately equal to the present Rate A. The effect of applicant's suggestion would result in an increase for:

Present 4,160- and 2,400-volt customers of	\$ 2,149.14
Present 12,000-volt customers of	6,869.30
Present Schedule P-2 (B) customers of	<u>1,860.00</u>
Total Schedule P-2 increase	10,878.44

These increases would be in part offset by \$2,607.16 estimated reduction to present customers on Schedules A-1 and A-2.

It is the Commission's opinion that applicant's present low-voltage general service rates should be amended to include voltage discounts at the 3 and 4 per cent levels as suggested by applicant and that the P-2 rate should be revised to reflect the differences between the voltage levels as shown.

Fuel Clauses

The fuel clauses presently contained in Schedules P-2 and R are predicated on a base average cost of 33 cents per million Btu for fuel used in the applicant's steam-electric generating plants. For each 1 cent that the cost of fuel is below 33 cents per million Btu, the effective energy charge is decreased by 0.013 cents per kwhr. The base figure of 33 cents is roughly equivalent to the cost of fuel oil of \$2 per barrel, and is predicated on the fact that applicant uses both natural gas and fuel oil in varying ratios and receives those fuels under varying prices at its steam plants.

The general view of the Commission is that fuel clauses should be limited to those schedules which are competitive with the cost of other forms of fuel, the principal competitive fuel being fuel oil. Ordinarily the fuel clause would be predicated on the posted price of fuel oil and provide that the energy rates vary in ratio to the posted price above or below some base figure.

The applicant's present fuel clause does not escalate directly with the posted price of oil, but is influenced by the price and quantity of natural gas burned in the steam plants. In Exhibit No. 51 applicant represents that the effect of its fuel clause on revenues for 1955 amounted to a savings of \$439,500 for P-2 customers and \$94,600 for customers served on Schedule R. Recently, the posted price of fuel oil has increased to the \$2 level or higher and it is evident that the present fuel clause is not holding the industrial rates at a proper competitive level.

In effect applicant's fuel clause is not strictly a competitive fuel clause, but is more like an automatic cost clause that has the objection of being applied to only the service which makes up about one seventh of its revenue. In general, the Commission, in the past, has not authorized automatic cost clauses, like tax rate clauses or wage rate clauses. This fuel clause, furthermore, has

the objection that the customer never knows his exact rate because the applicant's weighted fuel costs vary from month to month and season to season. The Commission has eliminated the fuel clause from the rates of other major electric utilities in the state, and it is the conclusion of the Commission that the type of fuel clause now being applied by the applicant should be eliminated.

In July, 1955, the posted price of fuel oil was about \$1.90 per barrel. In eliminating the fuel clause and converting Schedule P-2 over to a general service type of schedule, as provided by the next section hereof, appropriate terminal rate levels will be set reasonably to be competitive with \$1.90 fuel oil.

Converting Schedule P-2 to a
General Service Type of Schedule

Applicant estimated that there were 32 customers on Schedules A-1 and A-2 receiving energy at primary voltage that would benefit by transfer to Schedule P-2 to the extent of \$35,400 annually. If P-2 were opened to secondary voltage customers, applicant estimates certain other A-1 and A-2 customers would benefit to the extent of \$136,500. Applicant's assumptions were based on maintaining a demand and energy form of rate for Schedule P-2 after conversion to a general service type. It represents that customers which would benefit, such as banks, schools, colleges, hospitals, hotels, and stores are a composite class of customer entirely different from the class for which the schedule was designed. It maintains that to be applicable properly to such a new class of customer, the present rates of Schedule P-2 should be increased substantially and, consequently, the advantages of the promotional effect of the present Schedule P-2 in the industrial development of the area would be lost.

To meet this objection we will require applicant to shift over from the demand and energy type of schedule to a general service type of schedule somewhat like the present Schedule A-1, but with a

higher initial rate and minimum charge and lower follow-on and terminal base rates, as follows:

First 6,000 kwhr or less	\$150 per month
For usage over 6,000 kwhr per month:	
First 100 kwhr per kw of demand	1.65¢ per kwhr
Next 100 kwhr per kw of demand	1.20¢ per kwhr
Next 100 kwhr per kw of demand	0.80¢ per kwhr
Excess	0.64¢ per kwhr

Minimum: 90¢ per kw of maximum demand but not less than \$150 per month.

Such a rate would be attractive only to the larger, high-load-factor type of general service primary voltage customers now on Schedules A-1 and A-2. It is this type of customer that from a cost-to-serve standpoint and competitive standpoint is entitled to more favorable treatment than under San Diego's present method of billing the lighting and three-phase power load separately. The estimated effect of this rate for present Schedule P-2 customers is a reduction of \$201,500 below present base rates. This schedule will be retained for supply at primary or higher voltage, and the transfer of secondary voltage A-1 and A-2 customers at a reduction of \$136,500 will not be effected. Applicant's estimated reduction of \$35,400 for 32 primary customers is smaller on the revised rate and is now recomputed at \$22,000.

The net effect of this change, after allowing for premise, rule revisions, fuel clause elimination and voltage discounts, is to increase the rate of return of the large industrial class from 2.84 per cent to approximately 4 per cent. The Commission finds these adjustments are reasonable and does not find that it now is necessary to completely offset the fuel clause savings at the fuel levels prevailing as of August, 1955.

Elimination of Minimum Charges

Applicant estimated that its annual revenue would decrease by approximately \$9,200 per year if the minimum charges were

eliminated on the domestic schedules and for single-phase loads on Schedules A-1 and A-2. Applicant's witness characterized this amount as a rather negligible effect that should not be taken as an indication of the possible future effect upon the applicant's earnings. Through the application, over the years, of minimum charges greater than those in the present domestic and general service schedules, a reasonable limitation on size of installations and poor load factor of operation has been effected. Applicant contends that to eliminate the minimum charges entirely, however, would simply encourage still larger installations with consequent lower load factors.

The representative for the Perfectaire Manufacturing Company introduced Exhibit No. 60 regarding this subject and stated that a year-round minimum charge causes the electric heating customer to under equip his house and in reality puts a greater load on the system peak than an adequate installation. He did not think that a high minimum is necessary to prevent the installation of large loads as the high cost of the equipment and the cost of installation is sufficient deterrent to an excessive installation.

After considering this matter it is the Commission's conclusion that the minimum charges at this time should be eliminated from the domestic service schedules but retained on the general service schedules. The estimated revenue effect of elimination of the domestic minimums is an annual reduction of approximately \$6,000.

Three-Phase Low Voltage Service
on the General Service Schedules

Applicant's witness testified that the primary concern of opening the general service schedules to three-phase power is the indicated loss in power revenue of approximately \$420,000 per year. Such estimate is based on a 10.11 per cent sampling of P-1 accounts. He stated that there is a demand for a combination schedule for new installations as such a combination, in many cases, results in a

more economical wiring system. He suggested a new combination rate schedule which will in effect produce the same revenue as might be obtained from a customer having a fairly well balanced lighting and power load as though such customer were billed separately for the lighting and power under the general service and general power schedules.

The proposed combination schedule is considerably higher than the present general service schedule and, in addition, contains a supplemental service charge of 60 and 30 cents per horsepower for three-phase power load. On considering applicant's proposed combination schedule it is the Commission's opinion that the rate is at such a high level that few, if any, new customers would apply for the service and none of the present customers would rewire to place this service on one meter. Based on applicant's estimate of \$420,000 revenue loss, it is computed that a service charge of approximately 40 cents per horsepower per month for three-phase load would largely offset this loss if all three-phase customers combined their power load with their general service load. However, not all present customers would change their wiring to convert to a single meter; only those customers who currently could save money would convert and the remaining customers would stay with the two-meter arrangement.

A representative for Safeway Stores introduced Exhibits Nos. 58 and 59 in support of its request for a general service rate that permits combination of three-phase power with the lighting and single-phase power. He stated that such combination would reduce the bills by approximately 8 per cent at the present level of the general service rates. If a service charge of \$4.80 per horsepower per year based on the maximum power demand shown is added for each of the five stores summarized on Exhibit No. 58, this 8 per cent reduction figure would be dropped back to approximately 3 per cent reduction. He

doubted that many existing stores would change their wiring for the small saving involved, but indicated that it would mainly be taken advantage of by the future customers and new businesses.

The Commission doubts that as many as one quarter of the customers would convert over the first year. Furthermore, there are eventual cost savings to applicant, due to the replacement of two meters by one meter, that have not been reflected in applicant's estimate. In the Commission's opinion this is an opportune time to open up the general service schedules to three-phase power and it will be so ordered. A reduction in revenue of not more than \$50,000 is anticipated the first year.

Incidental Farm Use

The inclusion of incidental farm use in the applicability clause of domestic service would be of negligible effect if confined to minor load on a farm, such as limited installations of incubators and brooders, cream separators and milk coolers used in connection with the incidental production of milk, and like applications of electricity in the production of crops. For many years applicant states that it has permitted such incidental farm use on the domestic service.

Applicant has not permitted and does not now propose the combination of service for commercial operations with domestic service, under the guise of incidental farm use. Incidental farm use would not include installations which, due to size or use, are primarily commercial in character, as for example large hatcheries and dairies, or where electricity is used in the processing or retail selling of products. Applicant's proposed method of determining which load is incidental farm use is to limit the transformer capacity to twice that required for the domestic load alone.

In Exhibit No. 55 applicant proposes revised wording of the applicability clause and the addition of a special condition to the

domestic rate tariffs to cover this situation. These will be authorized.

Schedule R

The cost study, Exhibits Nos. 6 and 7, indicates that resale service is yielding a rate of return close to the system average, whereas the large industrial service is yielding a rate of return considerably below the system average. Therefore, upon removal of the discount effect of the present fuel clause, it appears proper to adjust the energy rates of Schedule R to offset approximately the \$94,600 increase. The present and new levels for Schedule R are:

	<u>Present Base Rate</u> (12 kv)	<u>New Rate</u> (12 kv)
Demand Charge:		
First 100 kw at	\$150.00 per meter	at \$150.00 per meter
Next 100 kw at	1.50 per kw	at 1.50 per kw
Next 300 kw at	1.00 per kw	at 1.00 per kw
Next 500 kw at	.80 per kw	at .80 per kw
Over 1,000 kw at	.70 per kw	at .70 per kw
Energy Charge:		
First 100 kwhr/kw at	\$1.28c per kwhr	at 1.15c per kwhr
Next 100 kwhr/kw at	1.18c per kwhr	at 1.05c per kwhr
Next 100 kwhr/kw at	1.08c per kwhr	at .94c per kwhr
Excess	.98c per kwhr	at .84c per kwhr

The above new rate will be set forth as the base rate and a 3 per cent voltage discount clause will be added to cover service at 69 kv.

Earning Position

Section 6(h) of the first order herein required a comparison of 1955 recorded monthly revenues and expenses with applicant's estimates. Exhibit No. 61 shows that on the basis of the rates effective prior to August 12, 1955, the revenues would have been some \$530,000 higher than estimated, the expenses some \$400,000 higher, and the rate of return about 0.11 per cent higher (4.10 per cent vs. 3.99 per cent); and it also shows that on the basis of the rates effective on and after August 12, 1955, the revenues would have been some \$473,000 higher and the expenses some \$472,000 higher than the Commission's

adopted results. On such basis the rate of return remained steady at the level of 5.90 per cent as authorized by the Commission.

At the hearings on May 31 and June 1, 1956, a customer's representative expressed concern over the fact that the applicant's earnings on its common stock for the first quarter of 1956 were considerably in excess of those shown for the first quarter of 1955 and that the evidence in the record on revenues and expenses was three months out of date. The representative was assured that the Commission is closely watching the earning position of the applicant. Through the staff, monthly analyses of the approximate earnings of the entire company are prepared for 12 months ending each month.

Findings and Conclusions

Applicant's earning position apparently has been restored to a reasonable level by the rates authorized to be effective August 12, 1955. Applicant's rate proposals, with slight adjustments, originally were adopted as a matter of expediting rate relief and the need for more study and rate improvements were noted in the first decision herein. Supplemental studies have been made and the Commission now is of the opinion that there is sufficient information in the record to enable it at this time to establish final rate tariffs in so far as this application is concerned, except for zoning and final levels of domestic and general service rates.

A matter of concern to the applicant is that the rate changes being effected at this time reasonably maintain its earning position. The over-all effect of the rate changes summarized below is to increase the revenues by some \$59,000, which may be changed to a decrease of \$50,000 or so after zoning adjustments or minor revision of general service and domestic rate levels. In any event the probable difference comparatively is small, being about 0.2 per cent of applicant's revenue, considering the accuracy of the rate spread material and the assumptions used as to customer transfers.

Revenue Effects of Schedule Changes

	<u>Increase in Revenue</u>	<u>Decrease in Revenue</u>
a. Premise Rule Revision		
1. Government	\$ -	\$ 53,300
2. Aircraft	-	34,500
3. Other Customers	-	21,900
b. Voltage Discounts		
1. P-2 Customers	10,900	-
2. A-1 and A-2 Customers	-	2,600
c. Fuel Clause Elimination		
1. P-2 Customers	439,500	-
2. Schedule R	94,600	-
d. Convert Schedule P-2 to General Service Type		
1. Savings for Present P-2 Customers	-	201,500
2. Transfer of 32 A-1 and A-2 Primary Customers	-	22,000
e. Eliminate Minimum Charges in the Domestic Schedules	-	6,000
f. Three-Phase Low Voltage Service Combined on General Service	-	50,000
g. Incidental Farm Use in Applica- bility Clause of Domestic Service ...	-	Negligible
h. Revise Schedule R	-	<u>94,400</u>
Total	\$545,000	\$486,200

The Commission concludes and finds that an order should be issued at this time changing the rates in the manner provided by Appendix A herein, which rates we find to be fair and reasonable for the future. Also, the Commission finds that the revisions in tariffs, and the increases and decreases in rates and charges that may result therefrom, as authorized and directed herein, are justified and that present tariffs, rates and charges in so far as they differ from those herein prescribed for the future are unjust and unreasonable.

SECOND SUPPLEMENTAL ORDER

The Commission, by Section 6 of the order under Decision No. 51687 having required supplemental study and evidence on several rate schedule matters, public hearing having been held, the matters having been submitted, and the Commission being advised regarding these supplemental matters, other than rate zoning; therefore,

IT IS ORDERED as follows:

1. Applicant is authorized and directed to revise its definition of premise as set forth in Section 5 of the Preliminary Statement in its Electric Tariffs to the following:

(f) Definition of Premise

All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided, excepting in the case of industrial, agricultural, oil field, resort enterprises and public or quasi-public institutions, by a dedicated street, highway, or other public thoroughfare, or a railway. Automobile parking lots constituting a part of and adjacent to a single enterprise may be separated by an alley from the remainder of the premises served provided the customer's wiring across the alley is underground and copies of all permits for the alley crossing, as required by public authorities, are filed with the utility.

2. Applicant is authorized and directed to file in quadruplicate with this Commission after the effective date of this order, in conformity with General Order No. 96, such tariff schedules as are revised by the changes in rates, charges and conditions as set forth in Appendix A attached hereto and, after not less than five days' notice to this Commission and to the public, to make said revised tariff schedules effective for service rendered on and after September 1, 1956.

3. Applicant shall transfer customers to the appropriate new schedule where schedules are being canceled, upon the date such new schedules become effective.

4. Applicant shall revise its rules and regulations wherever necessary to be consistent with the revisions in tariff schedules provided herein and file the same at the time of filing of these revised rates.

5. IT IS HEREBY FURTHER ORDERED that the next public hearing hereon shall be held at a time and place to be hereafter announced and the secretary of the Commission is hereby directed to cause to be served upon the appearances herein notice of the hearing to be held herein at least ten days prior to the date set for said hearing.

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

Dated at San Francisco, California, this 9th day of August, 1956.

[Signature]
President
[Signature]
[Signature]
[Signature]
[Signature]
Commissioners

APPENDIX A
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Certain of applicant's presently effective rates, charges and conditions are to be changed to the extent and for the items shown in this Appendix. Other provisions of these schedules remain unchanged.

Schedules A-1 and A-2:

APPLICABILITY

Applicable to general service including lighting, appliances, heating, and power, or any combination thereof.

RATE

Single-Phase Service:

(Same as now shown for customer and energy charge)

Polyphase Service:

The single-phase rate plus a service charge of 40 cents per hp per month of polyphase connected load, but not less than \$1.00 per month, except where polyphase service is delivered and metered at a voltage in excess of 2 kv, in which event the total polyphase service charge will be limited to \$1.00.

Minimum Charge:

(Same as shown for present schedules)

SPECIAL CONDITIONS

- (a) Voltage. Service under this schedule normally will be supplied at a standard available distribution voltage. Where secondary voltage is desired and polyphase power is to be combined with single phase, a 4-wire service normally will be supplied; however, where a customer has made application for such a 4-wire service but the utility is not in position to supply the same at that location economically, then, temporarily until the date the utility gives notice it is or will be ready such single-phase and polyphase service will be supplied and metered separately, the meter readings being combined for the purpose of computing charges on this schedule.

(Delete Special Condition (b), Phase, and replace with the following clause)

- (b) Primary Voltage Discount. When delivery hereunder is made and energy is received at an available standard voltage above 2 kv, discounts of 4 per cent for service at a voltage above 10 kv and 3 per cent for service in the range of 2 kv to 10 kv will be allowed. The utility retains the right to change its delivery voltage after reasonable advance notice in writing to any customer receiving a discount hereunder and affected by such change, and such customer then has the option to change his system so as to receive service at the new delivery voltage or to accept service without voltage discount after the change in delivery voltage, through transformers owned by the utility.

Schedule A-3

(This is to be a new schedule to replace present Schedule P-2)

Schedule A-3

GENERAL SERVICEAPPLICABILITY

Applicable to general service including lighting, appliances, heating, and power, or any combination thereof.

TERRITORY

Within the entire territory served by the Company.

RATEEnergy Charge:Per Month

First 6,000 kwhr or less, per meter	\$150.00
For all excess over 6,000 kwhr per month:	
First 100 kwhr per kw of billing demand	1.65¢ per kwhr
Next 100 kwhr per kw of billing demand	1.20¢ per kwhr
Next 100 kwhr per kw of billing demand	0.80¢ per kwhr
All excess kwhr	0.64¢ per kwhr

Minimum Charge:

The monthly minimum charge shall be \$150.00 but not less than 90 cents per kw of billing demand.

RULES AND REGULATIONS

This schedule is subject to the Rules and Regulations.

SPECIAL CONDITIONS

- (a) Voltage. This service is applicable where the customers normally can be supplied from an available standard voltage of the utility above 2 kv. Where the utility supplies and owns the stepdown transformers stepping down below 2 kv then the above rates will apply without discount.
- (b) Primary Voltage Discount. When delivery hereunder is made and energy is received at an available standard voltage above 2 kv, the charges before power factor adjustment will be reduced as follows:
- 3 per cent in the range of 2 kv to 10 kv
 - 4 per cent in the range of 10.1 kv to 25 kv
 - 7 per cent above 25 kv

The utility retains the right to change its delivery voltage after reasonable advance notice in writing to any customer receiving a discount hereunder and affected by such change, and such customer then has the option to change his system so as to receive service at the new delivery voltage or to accept service without voltage discount after the change in delivery voltage, through transformers owned by the utility.

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Schedule A-3

GENERAL SERVICE (Cont'd)

- (c) Voltage Regulators. Voltage regulators, if required by the customer, shall be furnished, installed and maintained by the customer.
- (d) Billing Demand. The billing demand will be based on kilowatts of maximum demand as measured each month, provided that the billing demand shall in no case be less than the highest of (1) 100 kw, (2) 50 per cent of the highest maximum demand registered during the preceding eleven months, or (3) 75 per cent of the transformer capacity furnished by the Company. One kilovolt ampere of transformer capacity shall be considered equivalent to one kilowatt.

For maximum demands occurring between the hours of 11 p.m. to 6 a.m. of the following day, Pacific Standard Time, only 60 per cent of such maximum demand shall be considered.

- (e) Maximum Demand. The maximum demand in any month shall be the average kilowatt input during that 15-minute interval in which the consumption of electric energy is greater than in any other 15-minute interval in the month as indicated or recorded by instruments installed, owned, and maintained by the Company.

In the case of hoists, elevators, furnaces, and other loads where the energy demand is intermittent or subject to violent fluctuations, the Company may base the maximum demand upon a five-minute interval instead of a 15-minute interval.

- (f) Power Factor Adjustment. This schedule is based on service to loads having a maximum reactive kilovolt ampere demand not greater than 75 per cent of the maximum kilowatt demand. In the event that the reactive demand exceeds 75 per cent of the kilowatt demand, the customer shall, upon receiving written notice from the Company, install and operate such compensating equipment as may be necessary to reduce the reactive demand to 75 per cent or less of the kilowatt demand. Unless such correction of reactive demand is made within ninety days, there will be added to each monthly bill following the ninety-day period a charge of 10 cents per kilovar of maximum reactive demand in excess of 75 per cent of the maximum kilowatt demand (whether on peak or off peak) for the month.
- (g) Standby Service. This schedule is not applicable to standby, auxiliary service, or service operated in parallel with a customer's generating plant. Submetering or resale of energy will not be permitted.

Schedules D-1 and D-2:

APPLICABILITY

(Revise to clause set forth in Exhibit No. 55)

Minimum Charge:

(Delete all existing provisions and replace with the following clause)

The minimum monthly charge shall be equal to but not less than the customer charge.

SPECIAL CONDITIONS

(Add special condition (c) Incidental Farm Service as set forth in Exhibit No. 55)

Schedule P-2

(Schedule P-2 is to be canceled and replaced by Schedule A-3)

Schedule R

RATE

Demand Charge:

	<u>Per Month</u>
First 100 kw or less of billing demand	\$150.00 per meter
Next 100 kw of billing demand	\$ 1.50 per kw
Next 300 kw of billing demand	\$ 1.00 per kw
Next 500 kw of billing demand	\$ 0.80 per kw
All excess kw of billing demand	\$ 0.70 per kw

Energy Charge (to be added to demand charge):

First 100 kwhr per kw of billing demand	1.15¢ per kwhr
Next 100 kwhr per kw of billing demand	1.05¢ per kwhr
Next 100 kwhr per kw of billing demand	0.94¢ per kwhr
All excess kwhr	0.84¢ per kwhr

Minimum Charge:

The monthly minimum charge shall be equal to but not less than the monthly demand charge.

Fuel Clause:

(Delete this clause)

SPECIAL CONDITIONS

(a) Voltage. Service will be supplied at an available standard voltage above 10 kv.

(Add following Voltage Discount Clause)

(g) Voltage Discount. The charges before power factor adjustment will be reduced by 3% for service delivered and metered at voltages above 25 kv.

The utility retains the right to change its delivery voltage after reasonable advance notice in writing to any customer receiving a discount hereunder and affected by such change, and such customer then has the option to change his system so as to receive service at the new delivery voltage or to accept service without voltage discount after the change in delivery voltage, through transformers owned by the utility.