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Decision No. 78470

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA  
GAS COMPANY For Authority to Revise  
its Tariffs for Natural Gas Service  
to Offset Increases in Expenses  
Caused by Net Increases in the Price  
of Natural Gas from its Suppliers.

Application No. 52358  
(Filed December 18, 1970)

(Appearances are listed in Appendix A)

O P I N I O N

By the above entitled application Southern California Gas Company (SoCal) seeks authority to increase its rates for gas service as of March 31, 1971 to yield \$13,036,000 of additional annual revenues based on test year 1970 in order to offset the effect of net increases in its cost of purchased gas.

In addition, by its petition filed November 30, 1970 (November Petition), SoCal, as the surviving corporate party to its merger with Southern Counties Gas Company of California, seeks to have the orders in Decisions Nos. 77100 and 77101 issued April 14, 1970, the Phase I decisions in Applications Nos. 51567 and 51568, modified to provide authority for SoCal to offset tracking rate increases filed during 1971 by El Paso Natural Gas Company (El Paso) in FPC Dockets Nos. RP70-11 and RP71-13 and by Transwestern Pipeline Company (Transwestern) in FPC Docket No. RP70-19. Such potential offsets of tracking rate increases could reach \$12,251,000 in terms of additional annual revenue.

requirements of SoCal on a test year 1970 basis. By Decision No. 78204 dated January 19, 1971, authority was provided for SoCal to offset such of these tracking rate increases as occur during the first quarter of this year and the remainder of the November Petition, which relates to tracking rate increases by El Paso and Transwestern which become effective after March 31, 1971, was consolidated for hearing with Application No. 52358.

Public hearing was held before Examiner Main in Los Angeles on February 1, 2 and 3, 1971. Evidence was presented by SoCal, the City of Long Beach and the Commission staff and their witnesses were cross-examined. Oral argument was held February 10, 1971, and these matters were submitted on that date for decision.

In this decision we are acting upon Application No. 52358. Our decision concerning the November Petition is being issued concurrently.

Gas Suppliers, Their Rate  
Changes and Applicant's Request

Applicant purchases natural gas from El Paso. Pacific Lighting Service Company (PLS), applicant's affiliate, purchases gas for resale to applicant from Transwestern and from California producers. Both El Paso's and Transwestern's rates are subject to the jurisdiction of the Federal Power Commission. PLS purchases California-source gas under contracts in which the price is determined by a formula related to the price paid for gas by applicant and PLS at the California border. PLS renders resale natural gas service to applicant under a cost of service tariff.

Applicant's request to increase its rates on March 31, 1971, to produce \$13,036,000 of added annual revenue reflects, as developed in Table 1 below, the net gas cost decrease applicant will have experienced from mid-June 1970 through March 30, 1971, and the amount of the El Paso basic increase in FPC Docket No. RP71-13 which can become effective on March 31, 1971.

Table 1

SUMMARY OF COST OF GAS AND REVENUE IMPACTS OF NET INCREASES AND DECREASES IN COST OF OUT-OF-STATE GAS (EXCLUDING TRACKING) TEST YEAR 1970

<u>Supplier</u>	<u>Description</u>	<u>0-0-S Supplier's Increase c/Mcf</u>	<u>Total Gas Cost Increase M\$</u>	<u>Revenue Required To Offset Gas Cost Increase M\$</u>
<u>El Paso</u>	Basic Increase in Docket No. RP71-13	3.66	22,957	23,229
	Reduction in FPC Opinion No. 582 (Docket No. RP70-11)	(1.31)	(8,217)	(8,314)
	Net Reduction From Opinion No. 586 (Docket No. AR64-1)	(0.17)	(1,067)	(1,079)
	Net El Paso Change	2.18	13,673	13,836
<u>Trans- western</u>	Increase for Liberalized Depreciation, Docket No. RP71-1	1.11	3,301	3,345
	Settlement in Docket Nos. RP69-27, RP70-19 and RP71-1 as of January 1, 1971	(1.62)	(4,094)	(4,145)
	Net Transwestern Change	(0.51)	(793)	(800)
	Total Net Increase	-	<u>12,880</u>	<u>13,036</u>
	Total Sales - M <sup>2</sup> cf			1,022,998
	Average Net Increase to Offset Net Increased Gas Costs - c/Mcf			1.27c

The changes in rates by these suppliers of out-of-state gas reflected in Table 1, except for the increase shown under Docket No. RP71-13, have taken place since the Commission authorized applicant by Decisions Nos. 77100 and 77101, the Phase I decisions issued on April 14, 1970 in Applications Nos. 51567 and 51568, to offset certain gas cost increases. The Table 1 rate changes together with certain tracking increases were also the subject of applicant's Advice Letter 812 and Commission Resolution No. G-1505 issued December 8, 1970, effective as of November 30, 1970, authorizing a temporary deferment of changes in applicant's rates until March 31, 1971. This Commission action by resolution contemplates applicant's implementing its proposals in Advice Letter 812 to offset certain El Paso and Transwestern increases in rates against other El Paso and Transwestern reductions, to continue collecting until March 31, 1971 the present effective level of gas cost offset charges, to continue to net gas cost increases and decreases that occur between December 1, 1970 and March 31, 1971, and to make refunds to customers to the extent net decreases prevail.

As to FPC Docket No. RP71-13, the rate increase El Paso filed therein includes a proposal to raise its rates to applicant by 3.66 cents per Mcf based on claimed increases in costs other than purchased gas costs. By order issued October 30, 1970, the FPC suspended the El Paso increase until March 31, 1971, the date on which, absent further action by the FPC in the interim, El Paso has the right to increase its rates above the then effective level by 3.66 cents per Mcf. Such higher rates may be collected by El Paso subject to refund until such time as an order of the FPC establishing

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just and reasonable rates for El Paso has become effective and no longer subject to judicial review. Based on test year 1970 volumes of gas purchased from El Paso, as adopted by the Commission in Decisions Nos. 77100 and 77101, the additional revenue applicant needs to offset the El Paso basic rate increase in Docket No. RP71-13 is \$23,229,000 on an annual basis.

As a result of FPC action in Dockets Nos. RP69-6 and RP70-11 (Phase I) and Docket No. AR64-1, El Paso has reduced its rates to applicant by a total of 1.48 cents per Mcf below the level in effect June 11, 1970. These El Paso rate reductions lowered applicant's revenue requirements based on the test year 1970 Summary of Earnings adopted by the Commission in Decisions Nos. 77975 and 77976 dated November 24, 1970, the Phase II decisions in Applications Nos. 51567 and 51568, by \$9,393,000 on an annual basis.

In Docket No. RP71-1, Transwestern placed in effect on September 21, 1970 an increase in its rates to PLS of 1.11 cents per Mcf. This change results in an increase in applicant's revenue requirement of \$3,345,000 on an annual basis. Under another rate change, this one as a result of FPC approval of the Transwestern Stipulation and Agreement in settlement of issues in Dockets Nos. RP69-27 and RP70-19, the Transwestern rates to PLS will be reduced as of January 1, 1971, by a total of 1.62 cents per Mcf, causing a decrease in applicant's revenue requirements on an annual basis of \$4,145,000.

The net amount of decrease in annual revenue requirement resulting from these El Paso and Transwestern changes in rates since June 1970 is \$10,193,000 and reduces the amount of additional revenue

otherwise needed to offset the El Paso 3.66 cents per Mcf rate increase in Docket No. RP71-13 from \$23,229,000 to \$13,036,000, the amount which applicant seeks to offset through its requested rate relief.

Summary of Earnings

Summarized in Table 2 below are applicant's operational results for test year 1970 excluding tracking gas cost increases and offsetting tracking rate increases after December 25, 1969.

Table 2

SUMMARY OF EARNINGS  
TEST YEAR 1970

(Thousands of Dollars)

	At Present Rates and Gas Costs at 6/16/70 Levels	At Present Rates and Gas Costs at 3/31/71 Levels	At Proposed Offset Rates and Gas Costs at 3/31/71 Levels
Operating Revenues			
Gas Sales	671,572	671,572	684,608
Other	2,181	2,206	2,206
Total	<u>673,753</u>	<u>673,778</u>	<u>686,814</u>
Operating Expenses			
Production	398,669	411,524	411,524
Storage	1,470	1,470	1,470
Transmission	8,163	8,163	8,163
Distribution	44,619	44,619	44,619
Customers	24,378	24,378	24,417
Sales Promotion	16,064	16,064	16,064
Administrative and General	40,217	40,217	40,385
Subtotal	<u>533,580</u>	<u>546,435</u>	<u>546,642</u>
Depreciation	29,331	29,331	29,331
Taxes	54,505	47,879	54,504
Total	<u>617,416</u>	<u>623,645</u>	<u>630,477</u>
Return	56,337	50,133	56,337
Rate Base	726,906	726,906	726,906
Rate of Return	7.75%	6.90%	7.75%

Under the column heading "At Present Rates and Gas Costs at 6/16/70 Levels", the summaries of earnings for test year 1970, which were adopted by the Commission in Decisions Nos. 77975 and 77976<sup>1/</sup>, have been combined. The results shown "At Present Rates and Gas Costs at 3/31/71 Levels" and "At Proposed Offset Rates and Gas Costs at 3/31/71 Levels" have been adjusted to include the net increases in gas costs. Such increases reflect in part maintaining a 7.75 percent rate of return to PLS in accordance with its revised cost of service tariff.

From Table 2 it may be seen that the offset rate relief requested is intended to protect fully applicant's earnings position from deterioration through an impending substantial net increase in purchased gas costs and thus provide applicant with an opportunity to achieve the earnings level, a 7.75 percent rate of return, for which the rates authorized in Decisions Nos. 77975 and 77976 were designed.

The City of Los Angeles takes exception to using test year 1970 and a 7.75 percent rate of return to determine the extent of offset rate relief. It contends that a 1971 test year and a rate of return no higher than 7.65 percent, the low end of the range of 7.65 to 7.85 percent found reasonable for this applicant, should be used. No other party to the proceeding took similar exception.

The Commission staff considers that Decisions Nos. 77975 and 77976 provide an adequate basis upon which to test the extent of offset rate relief required. However, the staff recommends that,

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<sup>1/</sup> The Phase II decisions issued on November 24, 1970 in Applications Nos. 51567 and 51568.

to restore applicant's earnings position precisely to what it would have been had the changes in cost of gas herein considered not occurred, any excess of offset revenues attributable to the increase in rates hereinafter authorized over the increase in expenses occasioned by the net gas cost increase be refunded to applicant's customers.

While the view expressed by the City of Los Angeles is not without some merit, we prefer, under the circumstances of this offset rate case, the staff approach and consider it to be reasonable, expeditious, and in keeping with our very recent comprehensive review of all elements of applicant's operational results.

#### Rate Spread

After considering all of the factors inherent in rate spread including cost of service, value of service, level of service to interruptible customers and history of rates, the Commission issued on November 24, 1970 its aforementioned Phase II decisions in Applications Nos. 51567 and 51568, authorizing applicant to file revised rate schedules applicable to the various classes of service.

For the offset rate increase herein sought, applicant proposes to spread the additional annual revenue requirement of \$13,036,000, equivalent to 1.2743 cents per Mcf of estimated total gas sales for test year 1970, to customer classes on the same general basis as that adopted by the Commission in its Phase I decisions in the above-mentioned applications and in its decisions concerning gas cost increases in applicant's 1969 rate proceedings.



Under the spread thus proposed, one-third of the average 1.2743 cents per Mcf increase, or \$1,265,000, would be assigned to steam-electric and cement plant service; the average cents per Mcf increase, or \$3,757,000, would be assigned to the regular interruptible, gas engine and wholesale service; the \$8,014,000 remainder of the required offset increase would be distributed on a uniform 1.8620 cents per Mcf basis to firm natural gas, firm general and firm industrial service. By terms of its contracts with Southern California Edison Company (SCE) and Department of Water and Power of the City of Los Angeles (DWP), the one-third of the average cents-per-Mcf increase is the maximum increase, expressed in cents per million Btu, applicant may propose for Schedules Nos. G-58 and G-58A.

The Commission staff recommends spreading the offset rate increase to customer classes on a uniform cents per Mcf basis, i.e. the average 1.2743 cents per Mcf increase would be assigned to each class of service. It is the staff's contention that its rate spread recommendation is proper for a cost-of-gas type increase occurring after the comprehensive review of rate levels by classes of service undertaken in the very recent general rate proceeding (Decisions Nos. 77975 and 77976, supra).

San Diego Gas and Electric Company (SDG&E) and the California Manufacturers Association (CMA) advocate spreading the offset rate increase to customer classes on a uniform percentage of revenue basis in order to maintain the relative levels of rates established in Decisions Nos. 77975 and 77976 among classes of service.

The City of Long Beach contends that the full share of the offset rate increase, which it should bear, would properly be determined by the cents-per-Mcf increase assignment which the Commission adopts for the steam-electric and cement plant classification.

The record herein indicates that recent levels of service to steam-electric and cement plant customers, e.g. about 75 percent for test year 1970, cannot be maintained and that spot prices for low sulfur low-ash fuel oil, expressed in natural gas pricing units, may be in the \$.75 to \$1 per Mcf range. We have previously commented (Decision No. 75429 dated March 18, 1969 in Application No. 50713) on the diminished competitive role of heavy fuel oil as an alternative fuel to natural gas and on its former importance as a factor limiting the level of applicant's gas rates for interruptible service to very large customers.

Based on preliminary estimates for year 1971 the level of service to customers in the steam-electric and cement plant classification is expected to drop to about 65 percent, predominantly as a result of decreased deliveries rather than increased requirements. Customers in this classification will bear the brunt of increased curtailment under the present outlook for progressively tightening gas supplies while continuing to make a major contribution to the seasonal load equation necessary to meet the load pattern of firm natural gas service and achieve reasonable gas system economics. Service to the regular interruptible classification is expected to continue at a very high level, despite an increase in requirements and increased exposure to curtailment of requirements which fall within the "A-Block" priority.

The record herein further shows that the present rate under Schedules Nos. G-58 and G-58A, Natural Gas Fuel for Utility Electric

Generation, is 32.523 cents per million Btu. For comparison therewith, the costs of applicant's basic gas supplies are reflected by the El Paso 38.14 cents per Mcf rate at 100 percent load factor which is expected to become effective March 31, 1971 and the present Transwestern rate of 40.05 cents per Mcf at 100 percent load factor.

Applicant's proposed rate spread in our judgment would tend to widen excessively the departure of its rates for the steam-electric and cement plant classification from its cost of basic gas supplies. On the other hand, the staff's recommended rate spread causes us some concern in that it fails to give recognition to the imminent drop in the level of service rendered to the steam-electric and cement plant customers.

A uniform percentage basis as advocated by SDG&E and CMA for the rate spread to offset this cost of gas increase is inappropriate. The contention of the City of Long Beach concerning the determination of its proper share of the increase is not persuasive.

In the circumstances it is our judgment that an equitable spread of increases to customer classes is as follows: Two-thirds of the average cents per Mcf increase to the steam-electric and cement plant classification; the average cents per Mcf increase to the regular interruptible, gas engine and wholesale service; the remainder of the required net offset increase to firm natural gas, firm general and firm industrial service on a uniform cents per Mcf basis. Accordingly, we find the following spread of increases to applicant's classes of service to be just and reasonable.

Summary of Authorized Increases

<u>Class of Service</u>	<u>Revenue Increase</u>		<u>Increases in Rates</u>		
	<u>Total</u>	<u>Per Mcf</u>	<u>TU Rates</u>	<u>Therm Rates</u>	<u>G-54 Base Rates</u>
	<u>M\$</u>	<u>¢</u>	<u>¢/TU</u>	<u>¢/TH</u>	<u>¢/Mcf</u>
Firm Natural Gas			0.149		
Gen'l Service			0.149		
Firm Industrial			0.149		
Subtotal	<u>6,748</u>	<u>1.5678</u>			
Gas Engine	68	1.2743	0.120		
Reg. Interruptible	2,384	1.2743	0.120	0.120	
Stm. & Cem. Plant	2,531	0.8496		0.080	0.880
Wholesale: L.B.	198	1.2743*			
" S.D.	<u>1,107</u>	<u>1.2743**</u>			
Total	13,036	1.2743			

\* Increases in rates are: Commodity rate 0.080 ¢/therm (same as steam-electric) and Demand rate \$0.092/Mcf with 60,000 Mcf daily contract demand.

\*\* Rate increase is 1.274¢/Mcf in commodity rate.

In light of the departure of the rate spread adopted herein from applicant's proposed rate spread, it appears unsound for applicant to henceforth be bound by the below quoted provision of the Schedules Nos. G-58 and G-58A contracts which limits the amount of increase applicant may propose for these schedules.

"...The Company anticipates that from time to time it will file rate increase applications subsequent to November 1, 1969 and agrees that in such rate increase applications filed during the term of this agreement, it will not apply for authority to increase the Schedule G-58 and G-58A rates by more than the per-million-Btu equivalent of one-third of the system average increased revenue requirement per Mcf until the aggregate of the system average increased revenue requirements per Mcf related to such future applications reaches 8.5 cents per Mcf..."

It further appears that the rate fixing function of this Commission, as it relates to determination of rate spread, would be better served in the future without applicant being so restrained. The Commission staff recommends deletion of such restraining provisions from the contracts.

We find that to the extent the above quoted and other provisions in the Schedules Nos. G-58 and G-58A contracts impair applicant's freedom to apply for authority to increase the rates in those schedules above a certain fraction of the system average increased revenue requirement per Mcf, they are for the future unjust and unreasonable. Accordingly, in the exercise of our continuing jurisdiction over these contracts, we will order appropriate modification of the contracts.

Possible Refunds and Rate Reductions

The increased rates which El Paso may place into effect in Docket No. RP71-13 on March 31, 1971, are subject to reduction and refund to the extent that they exceed the level of just and reasonable rates determined by the Federal Power Commission after the conclusion of hearings in that proceeding. Applicant proposes that any rate reduction resulting from final FPC determination of just and reasonable rates for El Paso will be spread to its customer classes in proportion to the amount that their rates are increased as a result of this application. Similarly, applicant proposes to flow through any refunds it receives from El Paso and PLS in proportion to the increases in rates made to the various customer classes. In addition, comparable treatment is indicated for the increase in rates which Transwestern placed in effect in

Docket No. RP71-1 on September 21, 1970 which is similarly subject to refund and reduction.

Applicant's tariff coverage of other contingent offset charges presently provides for the full flow through of possible rate reductions and/or refunds under certain dockets still pending final determination by the FPC. The specific additions to and other changes needed in the contingent offset charges under the special conditions of applicant's rate schedules to reflect the offset rate increase hereinafter granted are set forth in Appendix B to this decision.

Findings and Conclusion

The Commission finds that:

1. Applicant's present rates, exclusive of a very recent revision of Schedule G-60, were authorized by Decisions Nos. 77975 and 77976 dated November 24, 1970 in Applications Nos. 51567 and 51568, after full consideration of applicant's operational results for test year 1970 and other evidence presented at public hearings held during 1970. The present rates were designed to yield a 7.75 percent rate of return and became effective December 8, 1970.

2. Applicant's request to increase its rates on March 31, 1971 to produce \$13,036,000 of additional annual revenue reflects, as shown in Table 1 herein excluding tracking, the net gas cost decrease applicant will have experienced from mid-June 1970 through March 30, 1971 and the amount of the El Paso basic increase in Docket No. RP70-13 which can become effective on March 31, 1971.

3. The Summaries of Earnings for test year 1970 adopted by the Commission in Decisions Nos. 77975 and 77976 and shown combined in Table 2 herein provide an appropriate basis from which to determine the extent of additional annual revenue required by applicant.

4. Applicant requires \$13,036,000 of additional annual revenue based on test year 1970 in order to offset the effect of net increases in its cost of purchased gas as shown in Tables 1 and 2 herein. Such additional revenue requirement based on test year 1970 is justified to the extent it restores applicant's earnings position to what it would have been without the gas cost changes herein considered. Hence, the additional revenues attributable to increases in rates hereinafter authorized should no more than offset the increase in expenses occasioned by the net gas cost increase and any excess of offset revenues over the increase in expenses should properly be made subject to refund to applicant's customers.

5. The authorized increases in rates specified in Appendix B to this decision represent a fair and reasonable spread of the required increase in gross revenues of \$13,036,000 to the various classes of service.

6. The modifications to applicant's present tariff provisions covering contingent offset charges and possible refunds related thereto, which are prescribed in Appendix B to this decision, are proper, fair and reasonable.

7. To the extent applicant is not free to select the amount of increase to be sought before the Commission in Schedules Nos. G-58 and G-58A rates, the contracts for those schedules are for the future unjust and unreasonable and in need of modification to eliminate such constraint.

8. The increases in rates and charges authorized herein are justified, the rates and charges authorized herein are reasonable, and the present rates and charges insofar as they differ from those herein prescribed are for the future unjust and unreasonable.

Based on the foregoing findings, the Commission concludes that the authority sought by applicant should be granted to the extent, and under the conditions, set forth in the order which follows.

O R D E R

IT IS ORDERED that:

1. Southern California Gas Company is authorized to file with this Commission on or after the effective date of this order revised tariff schedules with changes in rates, charges and conditions as set forth in Appendix B attached hereto. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be the date the increased El Paso rates corresponding to the March 31, 1971 basic increase in Docket No. RP71-13, lawfully, are allowed to go into effect by the Federal Power Commission or one day after the filing, whichever is later. The



revised schedules shall apply only to service rendered on or after the effective date thereof.

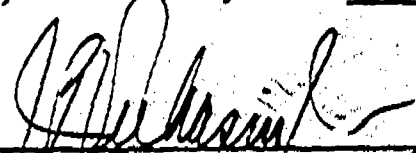
2. In the event applicant places such revised tariff schedules in effect:

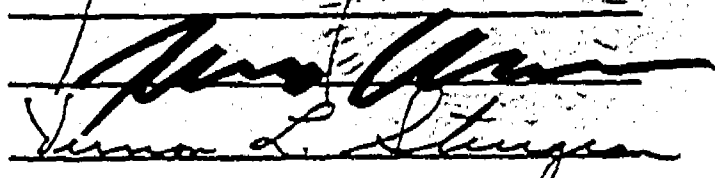
- a. Applicant's plan for determining refunds related to contingent offset charges shall be consistent with its pertinent tariff provisions and shall be submitted to this Commission prior to making refunds, and specific Commission approval of the plan shall be obtained at that time;
- b. If rates are ordered reduced under Federal Power Commission Dockets Nos. RP71-1 or RP71-13, applicant shall file for final determination and authorization by this Commission its proposed plan for rate reduction consistent with its pertinent tariff provisions;
- c. Applicant shall file with the Commission a report by June 1, 1972, for the first full 12-month period the increased rates are in effect comparing additional revenues attributable to the offset rate increase with the increase in expenses occasioned by the related net gas cost increase. Any excess of offset revenues over the increase in related expenses shall be subject to refund to customers.


3. The Schedules Nos. G-58 and G-58A Contracts shall be modified in such manner that henceforth applicant may apply for authority to increase Schedules Nos. G-58 and G-58A rates without restrictions as to the amount of increase to be sought.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 23rd day of MARCH, 1971.

  
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 Chairman

  
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 Commissioner

  
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 Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

List of Appearances

FOR APPLICANT

Rufus W. McKinney and K. R. Edsall, Attorneys at Law, for Southern California Gas Company.

FOR INTERESTED PARTIES

Rollin E. Woodbury, Harry W. Sturges, Jr., William E. Marx, Attorneys at Law, and C. W. Wiley, for Southern California Edison Company; Sherman Chickering, C. Hayden Ames and Donald J. Richardson, Jr., Attorneys at Law, for San Diego Gas & Electric Company; Roger Arnebergh, City Attorney, by Arthur T. Devine, Deputy City Attorney, for Department of Water & Power, City of Los Angeles; Roger Arnebergh, City Attorney, by Charles E. Mattson, Deputy City Attorney, for City of Los Angeles; Broebeck, Phleger & Harrison, by Gordon E. Davis, Attorney at Law, for California Manufacturers Association; Harold A. Lingle, Attorney at Law, Roy A. Wehe, Consulting Engineer, and Leonard L. Bendinger, General Manager, Long Beach Gas Department, for the City of Long Beach; John O. Russell, for the City of Los Angeles, Department of Water and Power; Robert W. Russell, Chief Engineer and General Manager, and Manual Kroman, for Department of Public Utilities and Transportation, City of Los Angeles; Henry F. Lippitt, 2nd, Attorney at Law, for California Gas Producers Association; William L. Knecht, Attorney at Law, and Ralph O. Hubbard, for California Farm Bureau Federation; Lorenzo Foster, for Watts Law Office.

FOR THE COMMISSION STAFF

Elinore C. Morgan, Attorney at Law, and H. T. Sipe.

Appendix B  
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The presently effective base, therm, thermal unit and Million BTU rates may be increased for the schedules shown below in the amounts indicated:

<u>Schedule Nos.</u>	<u>Amount of Increase</u>
G-1 through G-20 and G-40	0.149 ¢/TU
G-45, G-46, G-50, G-51, G-53	0.120 ¢/TU
G-50T, G-53T, G-53V	0.120 ¢/Th
G-54, G-54A	0.880 ¢/Mcf
G-55, G-55A, G-56	0.080 ¢/Th
G-58, G-58A	0.800 ¢/M <sup>2</sup> BTU
G-60 Demand	\$0.092 per Mcf
G-60 Commodity	0.080 ¢/Th
G-61 Commodity	1.274 ¢/Mcf

The contingent offset charges and refund provisions are to be changed as indicated below by changing the amounts now shown for Docket Nos. RP 70-11 and RP 70-19, and adding the new Dockets RP 71-1, RP 71-13 and the following qualifying sentences relative to Docket No. RP 71-13.

Part I of RP 71-13 is applicable to the basic increase in Docket No. RP 71-13 and limited to 56.12% of the total potential rate reduction and refund. Part II of RP 71-13 is applicable to any remaining portion of the basic increase in Docket No. RP 71-13.

<u>Schedule Nos.</u>	<u>Docket Nos.</u>	<u>New Offset Charge*</u>
G-1 through G-10	RP 70-11	0.154 ¢/TU
"	RP 70-19	---
"	RP 71-1	0.045 ¢/TU
"	RP 71-13 (Part I)	0.149 ¢/TU
"	RP 71-13 (Part II)	0.135 ¢/TU
G-11 through G-20	RP 70-11	0.185 ¢/TU
	RP 70-19	---
	RP 71-1	0.045 ¢/TU
	RP 71-13 (Part I)	0.149 ¢/TU
	RP 71-13 (Part II)	0.145 ¢/TU
G-40	RP 70-11	0.185 ¢/TU
	RP 70-19	---
	RP 71-1	0.045 ¢/TU
	RP 71-13 (Part I)	0.149 ¢/TU
	RP 71-13 (Part II)	0.145 ¢/TU
G-45	RP 70-11	0.114 ¢/TU
	RP 70-19	---
	RP 71-1	0.031 ¢/TU
	RP 71-13 (Part I)	0.120 ¢/TU
	RP 71-13 (Part II)	0.100 ¢/TU
G-46	RP 70-11	0.111 ¢/TU
	RP 70-19	---
	RP 71-1	0.031 ¢/TU
	RP 71-13 (Part I)	0.120 ¢/TU
	RP 71-13 (Part II)	0.086 ¢/TU

G-50, G-53	RP 70-11	0.114 ¢/TU
	RP 70-19	---
	RP 71-1	0.031 ¢/TU
	RP 71-13 (Part I)	0.120 ¢/TU
	RP 71-13 (Part II)	0.100 ¢/TU
G-51	RP 70-11	0.111 ¢/TU
	RP 70-19	---
	RP 71-1	0.031 ¢/TU
	RP 71-13 (Part I)	0.120 ¢/TU
	RP 71-13 (Part II)	0.086 ¢/TU
G-50T, G-53T	RP 70-11	0.1126 ¢/Th
	RP 70-19	---
	RP 71-1	0.031 ¢/Th
	RP 71-13 (Part I)	0.120 ¢/Th
	RP 71-13 (Part II)	0.100 ¢/Th
G-53V	RP 70-11	0.1106 ¢/Th
	RP 70-19	---
	RP 71-1	0.031 ¢/Th
	RP 71-13 (Part I)	0.120 ¢/Th
	RP 71-13 (Part II)	0.086 ¢/Th
G-54	RP 70-11	0.409 ¢/Mcf
	RP 70-19	---
	RP 71-1	0.113 ¢/Mcf
	RP 71-13 (Part I)	0.880 ¢/Mcf
	RP 71-13 (Part II)	0.344 ¢/Mcf
G-54A	RP 70-11	0.411 ¢/Mcf
	RP 70-19	---
	RP 71-1	0.113 ¢/Mcf
	RP 71-13 (Part I)	0.880 ¢/Mcf
	RP 71-13 (Part II)	0.344 ¢/Mcf
G-55, G-56	RP 70-11	0.0373 ¢/Th
	RP 70-19	---
	RP 71-1	0.0103 ¢/Th
	RP 71-13 (Part I)	0.0800 ¢/Th
	RO 71-13 (Part II)	0.0312 ¢/Th
G-55A	RP 70-11	0.0374 ¢/Th
	RP 70-19	---
	RP 71-1	0.0103 ¢/Th
	RP 71-13 (Part I)	0.0800 ¢/Th
	RP 71-13 (Part II)	0.0312 ¢/Th
G-58	RP 70-11	0.373 ¢/M <sup>2</sup> BTU
	RP 70-19	---
	RP 71-1	0.103 ¢/M <sup>2</sup> BTU
	RP 71-13 (Part I)	0.800 ¢/M <sup>2</sup> BTU
	RP 71-13 (Part II)	0.312 ¢/M <sup>2</sup> BTU
G-58A	RP 70-11	0.374 ¢/M <sup>2</sup> BTU
	RP 70-19	---
	RP 71-1	0.103 ¢/M <sup>2</sup> BTU
	RP 71-13 (Part I)	0.800 ¢/M <sup>2</sup> BTU
	RP 71-13 (Part II)	0.312 ¢/M <sup>2</sup> BTU

Appendix B  
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G-60

RP 70-11	Demand	\$0.415 per Mcf
RP 70-11	Commodity	0.0073 ¢/Th
RP 70-19		---
RP 71-1	Demand	\$0.047 per Mcf
	Commodity	0.0103 ¢/Th
RP 71-13 (Part I)	Demand	\$0.092 per Mcf
	Commodity	0.080 ¢/Th
RP 71-13 (Part II)	Demand	\$0.246 per Mcf
	Commodity	(0.007) ¢/Th

G-61

RP 70-11	Demand	\$0.311 per Mcf
	Commodity	0.229 ¢/Mcf
RP 70-19		---
RP 71-1	Demand	\$0.107 per Mcf
RP 71-13 (Part I)	Demand	\$0.000 per Mcf
	Commodity	1.274 ¢/Mcf
RP 71-13 (Part II)	Demand	\$0.264 per Mcf
	Commodity	0.105 ¢/Mcf

( ) Negative figure.

\*These new offset charges are subject to adjustments for, and in the amount of, any tracking increases which become effective on or about March 31, 1971 consonant with the expiration of the temporary deferment of rate changes (Resolution G-1505; Advice Letter 812).