

ORIGINAL

Decision No. 78973

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND ELECTRIC )  
 COMPANY for authority to revise its gas )  
 service tariff to offset the effect of )  
 increases in the price of gas from )  
 California sources and Pacific Gas )  
 Transmission Company. )  
 (Gas)

Application No. 52565  
 (Filed April 20, 1971)

John C. Morrissey, John C. Cooper, Gilbert L. Harrick, and Robert Ohlbach, Attorneys at Law, for Pacific Gas and Electric Company, applicant.

James H. Lindley and Martin McDonough, Attorneys at Law, for California Ammonia Company, protestant.

Philip K. Jensen, Attorney at Law, and L. V. Robertson, Jr., General Attorney, for Southwest Gas Corporation; Diamantes D. Katsikaris, for Self and American Taxpayers Union of California Inc. Unit (3); Thomas M. O'Connor, City Attorney, Milton H. Mares, Deputy City Attorney, and Robert R. Laughead, Rate Engineer, for the City and County of San Francisco; William L. Knecht, Attorney at Law, and Ralph Hubbard, for the California Farm Bureau Federation; Henry F. Lippit, 2nd, Attorney at Law, for California Gas Producers Association; Peter G. Stone, City Attorney, by Robert K. Booth, Jr., Attorney at Law, for the City of Palo Alto; and Mrs. Borghild Haugen, Executive Director, for California Farmer Consumer Information Committee; interested parties.

Leonard Snalder, Attorney at Law, and Melvin E. Mezek, for the Commission staff.

O P I N I O N

Pacific Gas and Electric Company (PG&E) requests authority to increase its rates and charges for natural gas service by \$36,850,000 in two steps to offset increases in expense caused by increases in the price of gas delivered to PG&E from California sources and Pacific Gas Transmission Company (PGT).

According to PG&E, authorization of its proposal will place it in the same position it would be in if there were no such increases in the cost of gas from California sources or PGT. It will not bring the rate of return up to the 7.3 percent level which the Commission recently recognized as fair and reasonable for PG&E's Gas Department, but will only enable the Gas Department to earn the same rate of return in 1971 which it would earn if there were no gas cost increases above those upon which present rates are based.

Public hearing was held before Examiner Gillanders in San Francisco on June 2 and 3, 1971, and the matter submitted on June 9, 1971 upon receipt of closing statements. Copies of the application had been served and notice of hearing had been published and posted in accordance with this Commission's rules of procedure.

Testimony on behalf of applicant was presented by a Vice President, its Manager of Long Range Gas Supply, and its Rate Department Manager. Testimony on behalf of protestant, California Ammonia Company (Calamco) was presented by its Chairman of the Board. Testimony on behalf of California Gas Producers Association was presented by its Executive Secretary. The Commission staff presentation was made by two engineers. Other interested parties assisted in developing the record. PG&E's Vice President testified that the cost of gas purchased from California sources will increase approximately \$10 million per year effective July 1 of this year; that this increase results from price increases under PG&E contracts with California gas producers; that the increased prices are the first such increases in 11 years; that the cost of gas from PGT

increases over levels now recognized in PG&E rates by over \$27 million per year; that this increase results from three factors: (1) a fundamental change in Canadian-U.S. dollar exchange, (2) a new price policy of the National Energy Board of Canada, and (3) higher costs of service of PGT; and that \$19,829,000 of increased gas costs became effective on July 1, 1971. According to this witness, additional increases in the cost of PGT gas of \$17 million are expected to take effect on October 1, 1971 as a result of the new National Energy Board policy and the PGT increases.

PG&E's Rate Department Manager testified that the proposed first step rate increase would result in an increase of 0.203 cents per therm and the second step increase would amount to 0.174 cents per therm. He proposed that the increases to classes and schedules be added to the existing rates on a uniform cents-per-therm basis, except for gas air conditioning rates for which he proposed no increase.

PG&E's Manager of Long Range Gas Supply testified that he participates in PG&E's negotiations for the purchase of natural gas. It was his opinion that the 35 cents price schedule for natural gas produced in northern and central California is fair and reasonable.

The staff presented the following table:

TABLE 1

## Gas Department

## SUMMARY OF EARNINGS

Year 1971 Estimated at Present Rates

Line:		1971 Estimated	Utility	Exceeds Staff	
No.:	Item	Staff	Utility	Amount	Ratio
(Dollars in Thousands)					
1	<u>Operating Revenues</u>				
2	General Service	\$274,455	\$272,282	\$(2,173)	(0.8)%
3	Firm Industrial	13,242	13,242	-	-
4	Resale	26,262	26,262	-	-
5	Interruptible	138,171	138,171	-	-
6	Interdepartmental	92,751	92,751	-	-
7	Other Gas Revenues	348	348	-	-
8	Total Operating Rev.	\$545,229	\$543,056	\$(2,173)	(.4)%
9	<u>Operating Expenses</u>				
10	Production	\$330,155	\$330,132	\$ (23)	(.01)%
11	Storage	1,507	1,538	31	2.1
12	Transmission	10,298	10,837	539	5.2
13	Distribution	32,058	34,345	2,287	7.1
14	Customer Accounts	18,170	18,491	321	1.8
15	Sales	3,300	3,300	-	-
16	Administrative & General	21,108	21,203	95	.5
17	Subtotal	\$416,596	\$419,846	\$3,250	.8%
18	Depreciation	29,401	29,613	212	.7
19	Taxes	41,080	38,089	(2,991)	(7.3)
20	Total Operating Exp.	\$487,077	\$487,548	\$ 471	.1%
21	Net Revenue	\$ 58,152	\$ 55,508	\$(2,644)	(4.5)%
22	Rate Base	\$920,698	\$912,660	\$(8,038)	(.9)%
23	Rate of Return	6.32%	6.08%	(.24)%	-

(Red Figure)

The following is the staff's explanation of differences between its and the utility's estimates at present rates:

<u>Line No. of Table 1</u>	<u>Amount of Difference</u>	<u>Explanation</u>
	(Dollars in Thousands)	
2 & 8	\$ <u>(2,173)</u>	Staff's estimate of sales to the general service class is higher than utility's.
10	<u>(23)</u>	Cost of California gas 31, other production expenses 23, gas used for Gas Department <u>(77)</u> .
11	31	Miscellaneous minor amounts.
12	539	Compressor station labor and expenses 73, gas for compressor fuel 159, maintenance of mains 50, maintenance of compressor station equipment 157, miscellaneous amounts 100.
13	2,287	Meter and house regulator expenses 486, maintenance, supervision and engineering 149, maintenance of mains 717, maintenance of services 163, maintenance of meters and house regulators 715, miscellaneous amounts 57.
14	321	Supervision 87, meter reading expenses 164, customer records and collection expenses 58, miscellaneous amounts 12.
16	95	Office supplies and exp. <u>(11)</u> , administration exp. transferred 33, injuries and damages 11, franchise requirements <u>(34)</u> , maintenance of general plant 12, misc. A & G adjustments <u>(5)</u> , institutional advertising 89.
18	212	Staff's depreciation expense estimate is 212 less than utility.
19	<u>(2,991)</u>	Ad valorem taxes <u>(1,081)</u> , payroll taxes <u>(238)</u> , Calif. corp. fr. tax <u>(226)</u> , and federal income tax <u>(1,446)</u> .
22	<u>(8,038)</u>	Weighted average plant in service 945, deductions <u>(1,371)</u> , working capital <u>(9,153)</u> , depreciation reserve 1,541.

(Red Figure)

The following tabulation shows the staff's comparison of offset rates:

## Gas Department

## COMPARISON OF OFFSET RATES

Year 1971 Estimated

Item	Staff	Utility	Amount
			: Utility Exceeds: : Staff

(Dollars in Thousands)

Revenue Requirement

<u>Gas Cost Increase 7-1-71</u>			
California	\$ 9,612	\$ 9,649	\$ 37
P.G.T.	10,180	10,180	-
Total	\$ 19,792	\$ 19,829	\$ 37
<u>Gas Cost Increase 10-1-71</u>			
P.G.T.	17,021	17,021	-
Total	\$ 36,813	\$ 36,850	\$ 37

M-Decatherm Sales

<u>Natural Gas Sales</u>			
Total Sales	1,040,849	1,037,716	(3,133)
Less: Pacific Lighting	(57,974)	(57,974)	-
Gas Air Conditioning	-	(475)	(475)
G-10 Schedule	(615)	(615)	-
Sales Subject to Offset Increase	982,260	978,652	(3,608)

Cents Per Therm

<u>Offset Rates 7-1-71</u>			
California	.098¢	.099¢	.001¢
P.G.T.	.104	.104	-
Total	.202¢	.203¢	.001¢
<u>Offset Rates 10-1-71</u>			
P.G.T.	.173	.174	.001
Total	.375¢	.377¢	.002¢

(Red Figure)

The staff believes that the added costs per therm should be spread to all classes of service.

Calamco requests that the Commission modify PG&E's proposed rates insofar as they apply to gas service to the ammonia industry based on the following.

Calamco recognizes that PG&E must pay the increased price of gas it purchases from El Paso, Pacific Gas Transmission Co., and the California producers. It is in the long term interest of PG&E consumers that PG&E maintain these three sources as dependable suppliers of gas. It is also important that these sources receive a high enough return on their investment to encourage them to search for and discover additional sources of gas in California.

Calamco owns and operates a 100,000 ton per year ammonia plant located at Lathrop, San Joaquin County. This plant supplies about 20 percent of the fertilizer nitrogen (ammonia is 82 percent nitrogen) consumed in California today. The three other ammonia plants which would be affected by this proposed increase and Calamco produce about 80 percent of the fertilizer nitrogen consumed in California today.

Ammonia costs from \$35 to \$40 per ton to produce. It sells for \$50 to \$52 per ton delivered anywhere in California. Delivery costs and selling and administrative expenses have to be paid out of the margin between the cost of production and the selling price. These costs average \$8 per ton for delivery, \$2.50 per ton for selling expense and \$1.50 per ton for administrative expense. Natural gas represents approximately 40 percent of the cost to produce a ton of ammonia.

The proposed increase adds about \$1.50 per ton, or almost 5 percent on the cost. It means that the margin for return on investment is dangerously near turning into a loss, and in any event is insufficient to attract capital; the return at present is lower than bank interest. On the other hand it is not practicable to increase the selling price of ammonia, because of the competition from sources outside California which utilize lower cost gas; the price has been decreasing, due to this competition, rather than

increasing, for the last ten years. If the California ammonia industry is eliminated, California agriculture will suffer from the higher prices that the outside industry will be able to charge.

Heretofore the economics of ammonia production have been based on achieving a high utilization factor on the plant through continuous operation. By offering a discount for volume, the previously established gas rates have made this possible. The mechanics of the increase proposed in this proceeding result in a higher percentage increase in the higher blocks, thus penalizing, rather than encouraging, large volume consumption, the source of economies.

Calamco urges that for the ammonia industry, the rate increase be only half that which is now proposed by PG&E for interruptible gas customers, and in any event not proportionately larger for the ammonia industry than for the average of all customers; and that the increase be spread proportionately among the blocks, so that the economies of high volume production may be preserved.

Calamco claims that a different rate increase proposal for the ammonia industry is justified by its unique characteristics as gas is the bigger part of its total cost than in any other industry. Calamco does not ask for a subsidy, but only that the costs apportioned to it are fair and equitable considering all factors, and that the increase not destroy the economies of an industry vital to California agriculture.

The following is a summary of the direct testimony presented by the Executive Secretary of the California Gas Producers Association.

The California Gas Producers Association consists of a number of smaller gas and some of the largest gas producers principally in the Northern Sacramento Valley where the majority of PG&E's gas production is secured.



The California Gas Producers Association participated in the negotiations with PG&E for the price of gas which it purchases in northern California. PG&E's purchases of gas in the north central area of California amount to about 90 percent of the total purchase of gas, so that for all effective purposes PG&E is the market for natural gas produced by the California gas producers.

As a basis for price negotiations, the price of 36.447 cents per Mcf was used for the price of the El Paso gas for the period July 1, 1971 through June 30, 1973.

In arriving at the 36.447 cents per Mcf price, the producers took the price increases through 1970 and indicated that 90 percent of those price increases would be sustained and that of the price increase for 1971 only 60 percent of that price increase would be sustained.

The border price for Canadian gas which was used as a basis for negotiations was 32.50 cents per Mcf for a cost computation based on border prices estimated for 1971, 1972 and 1973.

If that gas is 1050 btu, then the price at 1000 btu is 30.95 cents per Mcf.

Taking the daily rate at which the gas is delivered at the border by both El Paso and PGT, the producers arrived at a weighted average price per million btu for gas, which is the 32.198 cents per Mcf used as a basis for price negotiation.

In addition to the base price of 32.198 cents per Mcf, there is an additional amount for so-called flexibility premium; the additional amount which is appropriate to be paid for gas from California producers because the California gas producers deliver considerable extra supplies of gas during the winter time and are shut back during the summer time.

This flexibility is something which is virtually impossible with El Paso and it's possible to only a very limited extent with the Pacific Gas Transmission Canadian gas.

The flexibility premium which was calculated in these proceedings as a basis for California produced price is based upon an indicated alternative cost of taking gas purchased from El Paso and gas purchased from Pacific Gas Transmission and putting it in and out of PG&E's McDonald Island underground gas storage plant.

The weighted average of the Canadian gas prices for the period July 1, 1971 through June 30, 1973 is some 36.28 cents per Mcf instead of the 32.50 cents per Mcf which was used as the basis for negotiations.

The weighted average price of both El Paso and PGT Canadian gas for the two-year period, July 1, 1971 through June 30, 1973, is 33.95 cents per Mcf.

To the extent that an incentive can be made available to the California gas producer to drill and develop additional supplies of gas in northern California there is a very substantial savings, at least 10 cents per Mcf, to the California gas consumer over securing that supply from the next available possible supply of gas from Canada.

Any additional supplies of California produced gas at 35 cents, at 45 cents, or at 48 cents, is a saving to PG&E's gas customers and to PG&E's electric customers who are faced with the alternative of burning 79 cents low sulphur residual fuel oil.

The City and County of San Francisco is not opposed to this particular rate increase. It is, however, concerned about the cost of California produced gas. The City does not know if the border price is really the proper method to determine the price PG&E pays for California produced gas. The City believes that the rate spread as proposed, since it is a commodity rate increase, should be spread uniformly through all customers.

The City of Palo Alto is unhappy with the proposed spread on a cents-per-therm basis particularly as it affects Palo Alto which is a resale customer. Palo Alto urges that the increase be passed along on a percent basis instead of a cents-per-therm basis.

Discussion

Cost of California Produced Gas

This record is devoid of any meaningful evidence regarding the cost of producing an Mcf of gas at the wellhead.

Applicant believes that its negotiated price is fair and reasonable as it does not exceed the border price it pays for gas from out of state suppliers. However, applicant does not know the cost to the producer nor does it know the return the producer is receiving.

During cross-examination, the California Producers' witness testified that the producers are now selling gas to PG&E for 35 cents. However, they believe the market price for such gas is 44 to 46 cents per Mcf.

It is apparent from this record that both applicant and the producers expect the price of Canadian gas at the Oregon-California border to increase by almost 10 cents per Mcf by 1974. It is equally apparent that as soon as contractually possible (2 years) the producers will try to obtain at least this new border price for all of the gas produced in northern California and hopefully obtain what they believe is the market price for their gas (approximately 10 cents per Mcf above the border price).

This record reveals that the price of California produced gas remained constant at 30 cents per Mcf for the past ten years and now is but 35 cents per Mcf.

We place applicant on notice that if the anticipated events enumerated above do come to pass applicant must carry its burden of proof as to the reasonableness of the cost to it of California produced gas when requesting authorization to raise its rates. We specifically disclaim, in accepting for purposes of this proceeding the reasonableness of 35 cents per Mcf of California gas, that the border price is the criteria for pricing northern California produced gas.

Results of Operation

By Decision No. 76655, dated January 6, 1970, the Commission found that a rate of return of 7.3 percent for PG&E's Gas Department was fair and reasonable. For the year 1971 estimated at present rates, as shown on Table 1, supra, neither the estimates of applicant nor the estimates of the staff show a rate of return approaching the authorized return. Applicant did not challenge the staff's testimony or exhibits except in its treatment of air conditioning revenue (\$17,000 difference). As the staff had available to it PG&E's recorded data for 1970 upon which to base its 1971 estimates while PG&E depended on estimates for a number of months of 1970, we will adopt the staff's summary of earnings for the purpose of fixing rates in this proceeding.

Spread of Rates

Calamco claims it is not asking for a subsidy on the one hand, but on the other hand urges that one-half of the rate increase proposed for it be spread to other gas customers. Calamco further urges that any increase be spread proportionately among the blocks so that the economies of high volume production may be preserved.

We see no reason why Calamco should not pay for the increased commodity costs as to do less would require either other ratepayers to make up the difference in costs or would require PG&E's stockholders to absorb the additional costs. Neither group should be required to in fact subsidize California agriculture.

It should be apparent that by uniformly applying a cents-per-therm increase to all schedules the basic economies of high volume production are still preserved.

It should be equally apparent that by applying a uniform cents-per-therm increase to all schedules any differential now existing between gas and electric rates will be maintained as in

Decision No. 78881, dated June 29, 1971, in which we authorized PG&E to raise its electric rates by the increases in gas costs authorized by the decision in this matter.

Findings of Facts

Based upon a consideration of the record herein, the Commission finds as follows:

1. PG&E's current gas rates were authorized by Decision No. 78468 issued March 23, 1971.
2. In Decision No. 76655, dated January 6, 1970, the Commission authorized increases in gas rate schedules which would give PG&E the opportunity to earn a rate of return of 7.3 percent on its Gas Department rate base.
3. At present rates, PG&E, for the year 1971 estimated, will not earn a rate of return of 7.3 percent on its rate base.
4. The staff's estimates of the additional gross revenue requirements of \$19,792,000 to offset the increase in the costs of gas to its Gas Department effective July 1, 1971, and the increase of \$17,021,000 effective October 1, 1971 are reasonable.
5. The \$36,813,000 of increased revenues will not increase PG&E's rate of return to the 7.3 percent last found reasonable.
6. The rate structure proposed by the staff will result in an increase in its rates to affected gas customers of .375 cents per therm. This proposal is reasonable and should be authorized in this proceeding.
7. To make expeditious relief available to PG&E, while still maintaining adequate regulatory control, it is reasonable to authorize PG&E to file gas rate increases subject to refund and rate reductions in order to offset the effect of any decreases in gas rates charged to PG&E and refunds to PG&E which the Federal Power Commission may authorize pursuant to the filing of FPC Docket No. RP71-98.

Conclusions of Law

Based on the foregoing findings, the Commission concludes that:

1. The authority sought by PG&E should be granted to the extent, and under the conditions, set forth in the order which follows.
2. The increases in rates and charges authorized herein are justified.
3. The rates and charges authorized herein are fair and reasonable.

O R D E R

IT IS ORDERED that:

1. Applicant, Pacific Gas and Electric 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 A and Appendix B attached hereto. Such filings shall comply with General Order No. 96-A. The effective date of the revised schedules set forth in Appendix A shall be one day after the date of filing. The effective date of the revised schedules set forth in Appendix B shall be October 1, 1971. The revised schedules shall apply only to service rendered on and after the effective date thereof.

2. Applicant, Pacific Gas and Electric Company, shall pass on to its customers any reduced rates and refund to its customers any refund from Pacific Gas Transmission Company pursuant to an order of the Federal Power Commission in Docket No. RP71-98.

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

Dated at San Francisco, California, this 27<sup>th</sup> day of JULY, 1971.

William J. Adams Chairman  
Mark W. ...  
Vernon L. Stenger

Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner D. W. Holmes, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A  
Page 1 of 6

## RATES - PACIFIC GAS AND ELECTRIC COMPANY

Applicant's rates, charges and conditions are changed to the level or extent set forth in this appendix.

PRELIMINARY STATEMENT

Delete the text of the present Preliminary Statement under "7.-Offset Charge and Related Refunds and Reductions:", and insert thereunder the following:

## 7.-Offset Charge and Related Refunds and Reductions:

## (a) Contingent Offset Charges.

The commodity rates herein include offset charges related to increased cost of gas purchased from El Paso Natural Gas Co. and Pacific Gas Transmission Co. To the extent that the FPC orders reduction in the rates for gas purchased from El Paso Natural Gas Co. or Pacific Gas Transmission Co., the offsets will be reduced related to the amount of such reduction in cost of gas purchased from either source.

The contingent offset charges and related FPC dockets are as follows:

FPC Docket and/or Source of Gas	Offset Charges in Cents per Therm by Rate Schedule				
	G-1, G-2, G-3	G-40	G-50, G-51	G-53, G-56, G-57	G-60
	G-4, G-5, G-7	G-42	Coalinga Nose	G-55	G-61
	G-11, G-12	G-45	Contracts	G-55.1	G-62
FPC Docket and/or Source of Gas	G-13, G-30				
FPC Docket RP69-6	.148	.148	.148	.148	.148
FPC Docket RP69-20 Tracking through 9/17/69	.045	.045	.045	.045	.045
FPC Docket RP69-20 Tracking of 1/15/70, 1/22/70, 2/21/70, and RP70-11 Increase	.217	.157	.105	.088	.129
FPC Docket RP69-20 and RP70-11 Tracking through 6/11/70	.024	.018	.012	.0101	.015
FPC Docket RP71-13	.091	.091	.091	.091	.091
FPC Docket RP70-11 and RP71-13 Tracking after 6/11/70	.014	.014	.014	.014	.014
PGT Offset, 7/1/71	.104	.104	.104	.104	.104N



APPENDIX A  
Page 2 of 6

RATES - PACIFIC GAS AND ELECTRIC COMPANY

PRELIMINARY STATEMENT  
(Continued)

- (b) Refund of Contingent Offset Increases Related to FPC Dockets Nos. RP69-6, RP 69-20, RP70-11, and RP71-13.  
The Company will refund to its customers any refund received from El Paso Natural Gas Co. pursuant to an order of the Federal Power Commission in Dockets Nos. RP69-6, RP69-20, RP70-11, and RP71-13.

In addition, the Company will refund, with interest, to its customers an amount equal to (1) reductions in the cost of gas purchased from El Paso Natural Gas Co. pursuant to F.P.C. Opinion No. 582, dated July 16, 1970, in Dockets Nos. RP69-6 and RP70-11, during the period from August 1, 1970 to the date when rates become effective under the Commission order authorizing the offset of El Paso's 3.66¢ per Mcf increase pending in FPC Docket RP71-13, inclusive; less (2) any increases in the cost of gas from El Paso Natural Gas Co. under orders of the FPC in Docket No. RP70-11 that are not offset during that period under 7(a) above; and less (3) the difference in the revenue billed to Pacific Lighting Service Company under the terms of the contract approved by Commission Resolution No. G-1490, dated July 14, 1970, and the revenue computed at a rate of 36.33¢ per Mcf from November 1, 1970 to the date when rates become effective, stated in (1) above.

APPENDIX A  
Page 3 of 6

## RATES - PACIFIC GAS AND ELECTRIC COMPANY

GENERAL NATURAL GAS SERVICE - BASIC ZONES

		Per Meter Per Month				
		G-1	G-2	G-3	G-4	G-5
<u>RATES</u>						
<u>Commodity Charge:</u>						
First	2 therms or less	\$1.25978	\$1.35778	\$1.45878	\$1.60878	\$1.85778
Next	23 therms, per therm	7.422¢	7.762¢	8.152¢	8.552¢	9.272¢
Next	175 therms, per therm	7.072	7.322	7.532	7.742	8.162
Next	800 therms, per therm	6.802	6.872	6.912	6.972	7.082
Next	49,000 therms, per therm	6.702	6.712	6.732	6.742	6.772
Over	50,000 therms, per therm	6.482	6.482	6.482	6.482	6.482

Minimum Charge: The charge for the first two therms.

GENERAL NATURAL GAS SERVICE - SUBZONES

		Per Meter Per Month			
		G-7	G-11	G-12	G-13
<u>RATES</u>					
<u>Commodity Charge:</u>					
First	2 therms, or less	\$1.65878	\$2.05678	\$2.40578	\$2.70478
Next	23 therms, per therm	9.772¢	10.892¢	11.572¢	13.492¢
Next	175 therms, per therm	9.212	9.882	10.312	11.562
Next	800 therms, per therm	8.622	8.962	9.202	10.242
Next	49,000 therms, per therm	8.442	8.692	8.882	10.062
Over	50,000 therms, per therm	8.042	8.042	8.042	9.162

Minimum Charge: The charge for the first two therms.

PUBLIC OUTDOOR LIGHTING NATURAL GAS SERVICE

		Per Group of Lights Per Month
		G-30
<u>RATES</u>		
First 10 lights or less		\$15.64
For each additional gas light		\$ 1.57
For each cubic foot per hour of total rated capacity for the group in excess of either 1.5 cubic feet per hour per light, or 15.0 cubic feet per hour for the group whichever is greater		\$ .465

APPENDIX A  
Page 4 of 6

RATES - PACIFIC GAS AND ELECTRIC COMPANY

FIRM INDUSTRIAL NATURAL GAS SERVICE

RATES

Per Meter Per Month  
: G-40 : G-41 :

Commodity Charge:

First 1,000 therms, per therm  
Next 9,000 therms, per therm  
Next 20,000 therms, per therm  
Over 30,000 therms, per therm

6.469¢ 6.948¢  
6.200 6.669  
6.081 6.559  
5.931 6.429

Minimum Charge:

\$40.00 \$40.00

\$40 per meter per month, except that when the use of gas is seasonal or intermittent, the minimum charge may, at the option of the customer, be made accumulative over a 12-month period in which case the minimum charge shall be \$1,200 per year, cumulative in monthly installments of \$100.

GAS ENGINE AGRICULTURAL NATURAL GAS SERVICE

RATES

Per Meter Per Year  
: G-45 :

Commodity Charge:

First 140 therms per HP, per therm  
Next 140 therms per HP, per therm  
Over 280 therms per HP, per therm

6.370¢  
5.483  
4.964

Per Meter Per Month

Minimum Charge:

May to October, inclusive

\$5.00

November to April, inclusive

\$1.00

Minimum charges for 12 months' continuous service are accumulative at the rate of \$36.00 per meter per year.

APPENDIX A  
Page 5 of 6

## RATES - PACIFIC GAS AND ELECTRIC COMPANY

INTERRUPTIBLE NATURAL GAS SERVICE

RATES	Per Meter Per Month		
	: G-50 :	G-51 :	G-53 :
<u>Commodity Charge:</u>			
First 10,000 therms, per therm	6.016¢	6.363¢	6.016¢
Next 20,000 therms, per therm	5.626	5.974	5.626
Next 30,000 therms, per therm	5.466	5.805	5.466
Next 40,000 therms, per therm	5.318	5.665	5.318
Next 900,000 therms, per therm	4.221	4.533	4.221
Next 1,000,000 therms, per therm	4.182	4.182	4.182
Next 13,000,000 therms, per therm			3.674
Over 15,000,000 therms, per therm			3.640
<u>Minimum Monthly Charge:</u>			
Accumulative Annually	\$90	\$110	\$65,000

INTERRUPTIBLE NATURAL GAS - STEAM ELECTRIC GENERATING PLANTS

RATES	Per Month	
	: G-55 :	G-55.1 :
<u>Commodity Charge:</u>		
For all gas deliveries, per therm	3.6201¢	4.0441¢

INTERRUPTIBLE NATURAL GAS SERVICE - LARGE USERS

RATES	Per Meter Per Month	
	: G-56 :	G-57 :
<u>Commodity Charge:</u>		
First 200,000 therms, per therm	4.888¢	4.888¢
Next 800,000 therms, per therm	3.544	3.544
Over 1,000,000 therms, per therm	3.532	3.532
Minimum Monthly Charge	\$16,000	\$16,000

INTERRUPTIBLE NATURAL GAS SERVICE - SPECIAL CONTRACT

Cooling and Processors,  
Contracts dated June 3, 1968, Par.2(b)

Excess Gas per Mcf

35.649¢

APPENDIX A  
Page 6 of 6

RATES - PACIFIC GAS AND ELECTRIC COMPANY

RESALE NATURAL GAS SERVICE

Per Month  
: G-60 : G-61 :

RATES

Demand Charge:

Based on the maximum billing month consumption,  
per Mcf

8.939¢ 8.939¢

Commodity Charge:

To be added to the Demand Charge:

For all gas deliveries, per therm

3.936¢ 3.896¢

Minimum Charge:

The minimum charge shall be the monthly demand  
charge.

Per Month  
: G-62 :

RATES

Demand Charge:

Based on maximum billing month consumption:

Per Mcf of firm service in maximum month

7.903¢

Per Mcf of interruptible service in maximum month

2.407¢

Commodity Charge:

To be added to the Demand Charge:

For all gas deliveries, per therm

3.726¢

Minimum Charge:

The minimum charge shall be the monthly demand  
charge.

APPENDIX B  
Page 1 of 5

RATES - PACIFIC GAS AND ELECTRIC COMPANY

Applicant's rates, charges and conditions are changed to the level or extent set forth in this appendix.

PRELIMINARY STATEMENT

Delete the text of the present Preliminary Statement under "7-Offset Charge and Related Funds and Reductions:", and insert thereunder the following:

7.-Offset Charge and Related Refunds and Reductions:

(a) Contingent Offset Charges.

The commodity rates herein include offset charges related to increased cost of gas purchased from El Paso Natural Gas Co. and Pacific Gas Transmission Co. to the extent that the FPC orders reduction in the rates for gas purchased from El Paso Natural Gas Co. or Pacific Gas Transmission Co., the offsets will be reduced related to the amount of such reduction in cost of gas purchased from either source.

The contingent offset charges and related FPC dockets are as follows:

FPC Docket and/or Source of Gas	Offset Charges in Cents per Therm by Rate Schedule				
	G-1, G-2, G-3	G-40	G-50, G-51	G-53, G-56, G-57	G-60
	G-4, G-5, G-7	G-41	Coalinga Nose	G-55	G-61
	G-11, G-12, G-13, G-30	G-45	Contracts	G-55.1	G-62
FPC Docket RP69-6 .....	.148	.148	.148	.148	.148
FPC Docket RP69-20 Tracking through 9-17-69 .....	.045	.045	.045	.045	.045
FPC Docket RP69-20 Tracking of 1-15-70, 1-22-70, 2-21-70, and RP70-11 Increase .....	.217	.157	.105	.088	.129
FPC Docket RP69-20 and RP70-11 Tracking through 6-11-70 ....	.024	.018	.012	.0101	.015
FPC Docket RP71-13 .....	.091	.091	.091	.091	.091
FPC Docket RP70-11 and RP71-13 Tracking after 6-11-70 .....	.014	.014	.014	.014	.014
PGT Offset including FPC Docket RP71-98 .....	.277	.277	.277	.277	.277 T

- (b) Refund of Contingent Offset Increases Related to FPC Dockets Nos. RP69-6, X  
RP69-20, RP70-11, RP71-13, and RP71-98.  
The Company will refund to its customers any refund received from El Paso  
Natural Gas Co. or Pacific Gas Transmission Co. pursuant to an order of the  
Federal Power Commission in Dockets Nos. RP69-6, RP69-20, RP70-11, RP71-13,  
and RP71-98.

(Continued)

APPENDIX B  
Page 2 of 5

RATES - PACIFIC GAS AND ELECTRIC COMPANY

PRELIMINARY STATEMENT

(b)—Continued

In addition, the Company will refund, with interest, to its customers an amount equal to (1) reductions in the cost of gas purchased from El Paso Natural Gas Co. pursuant to F.P.C. Opinion No. 582, dated July 16, 1970, in Dockets Nos. RP69-6 and RP70-11, during the period from August 1, 1970 to the date when rates become effective under the Commission order authorizing the offset of El Paso's 3.66¢ per Mcf increase pending in FPC Docket RP71-13, inclusive; less (2) any increases in the cost of gas from El Paso Natural Gas Co. under orders of the FPC in Docket No. RP70-11 that are not offset during that period under 7(a) above; and less (3) the difference in the revenue billed to Pacific Lighting Service Company under the terms of the contract approved by Commission Resolution No. G-1490, dated July 14, 1970, and the revenue computed at a rate of 36.336¢ per Mcf from November 1, 1970 to the date when rates become effective, stated in (1) above.

GENERAL NATURAL GAS SERVICE - BASIC ZONES

		Per Meter Per Month				
		G-1	G-2	G-3	G-4	G-5
<u>RATES</u>						
<u>Commodity Charge:</u>						
First	2 therms or less	\$1.26324	\$1.36124	\$1.46224	\$1.61224	\$1.86124
Next	23 therms, per therm	7.595¢	7.935¢	8.325¢	8.725¢	9.445¢
Next	175 therms, per therm	7.245	7.495	7.705	7.915	8.335
Next	800 therms, per therm	6.975	7.045	7.085	7.145	7.255
Next	49,000 therms, per therm	6.875	6.885	6.905	6.915	6.945
Over	50,000 therms, per therm	6.655	6.655	6.655	6.655	6.655
<u>Minimum Charge:</u> The charge for the first two therms.						

GENERAL NATURAL GAS SERVICE - SUBZONES

		Per Meter Per Month			
		G-7	G-11	G-12	G-13
<u>RATES</u>					
<u>Commodity Charge:</u>					
First	2 therms, or less	\$1.66224	\$2.06024	\$2.40924	\$2.70824
Next	23 therms, per therm	9.945¢	11.065¢	11.745¢	13.665¢
Next	175 therms, per therm	9.385¢	10.055	10.485	11.735
Next	800 therms, per therm	8.795	9.135	9.375	10.415
Next	49,000 therms, per therm	8.615	8.865	9.055	10.235
Over	50,000 therms, per therm	8.215	8.215	8.215	9.335
<u>Minimum Charge:</u> The charge for the first two therms.					

APPENDIX B  
Page 3 of 5

RATES - PACIFIC GAS AND ELECTRIC COMPANY

PUBLIC OUTDOOR LIGHTING NATURAL GAS SERVICE

RATES

	Per Group of Lights Per Month : G-30 :
First 10 lights or less .....	\$15.84
For each additional gas light .....	1.59
For each cubic foot per hour of total rated capacity for the group in excess of either 1.5 cubic feet per hour per light, or 15.0 cubic feet per hour for the group, whichever is greater .....	.479

FIRM INDUSTRIAL NATURAL GAS SERVICE

RATES

	Per Meter Per Month : G-40 : G-41 :
<u>Commodity Charge:</u>	
First 1,000 therms, per therm .....	6.642¢ 7.121¢
Next 9,000 therms, per therm .....	6.373 6.842
Next 20,000 therms, per therm .....	6.254 6.732
Over 30,000 therms, per therm .....	6.104 6.602
<u>Minimum Charge</u> .....	\$40.00 \$40.00

\$40 per meter per month, except that when the use of gas is seasonal or intermittent, the minimum charge may, at the option of the customer, be made accumulative over a 12-month period in which case the minimum charge shall be \$1,200 per year, cumulative in monthly installments of \$100.

GAS ENGINE AGRICULTURAL NATURAL GAS SERVICE

RATES

	Per Meter Per Year : G-45 :
<u>Commodity Charge:</u>	
First 140 therms per hp, per therm .....	6.543¢
Next 140 therms per hp, per therm .....	5.656
Over 280 therms per hp, per therm .....	5.137
<u>Minimum Charge:</u>	
May to October, inclusive .....	Per Meter Per Month \$5.00
November to April, inclusive .....	1.00

Minimum charges for 12 months' continuous service are accumulative at the rate of \$36 per meter per year.



APPENDIX B  
Page 4 of 5

## RATES - PACIFIC GAS AND ELECTRIC COMPANY

INTERRUPTIBLE NATURAL GAS SERVICERATES

<u>Per Meter Per Month</u>		
<u>: G-50</u>	<u>: G-51</u>	<u>: G-53</u>

Commodity Charge:

First	10,000 therms, per therm	.....	6.189¢	6.536¢	6.189¢
Next	20,000 therms, per therm	.....	5.799	6.147	5.799
Next	30,000 therms, per therm	.....	5.639	5.978	5.639
Next	40,000 therms, per therm	.....	5.491	5.838	5.491
Next	900,000 therms, per therm	.....	4.394	4.706	4.394
Next	1,000,000 therms, per therm	.....	4.355	4.355	4.355
Next	13,000,000 therms, per therm	.....	-	-	3.847
Over	15,000,000 therms, per therm	.....	-	-	3.813

<u>Minimum Monthly Charge:</u>	Accumulative annually	.....	\$90	\$110	\$65,000
--------------------------------	-----------------------	-------	------	-------	----------

INTERRUPTIBLE NATURAL GAS - STEAM ELECTRIC GENERATING PLANTSRATES

<u>Per Month</u>	
<u>: G-55</u>	<u>: G-55.1</u>

Commodity Charge:

For all gas deliveries, per therm	.....	3.7931¢	4.2171¢
-----------------------------------	-------	---------	---------

INTERRUPTIBLE NATURAL GAS SERVICE - LARGE USERSRATES

<u>Per Meter Per Month</u>	
<u>: G-56</u>	<u>: G-57</u>

Commodity Charge:

First	200,000 therms, per therm	.....	5.061¢	5.061¢
Next	800,000 therms, per therm	.....	3.717	3.717
Over	1,000,000 therms, per therm	.....	3.705	3.705

<u>Minimum Monthly Charge</u>	.....	\$16,000	\$16,000
-------------------------------	-------	----------	----------

INTERRUPTIBLE NATURAL GAS SERVICE - SPECIAL CONTRACTCoalinga Nose Producers,

Contracts dated June 3, 1968, Par. 2(b)

Excess gas per Mcf	.....	37.535¢
--------------------	-------	---------

APPENDIX B  
Page 5 of 5

RATES - PACIFIC GAS AND ELECTRIC COMPANY

RESALE NATURAL GAS SERVICE

RATES

Per Month  
: G-60 : G-61 :

Demand Charge:

Based on the maximum billing month consumption, per Mcf .... 8.939¢ 8.939¢

Commodity Charge:

To be added to the Demand Charge:

For all gas deliveries, per therm ..... 4.109¢ 4.069¢

Minimum Charge:

The minimum charge shall be the monthly demand charge.

RATES

Per Month  
: G-62 :

Demand Charge:

Based on maximum billing month consumption:

Per Mcf of firm service in maximum month ..... 7.903¢

Per Mcf of interruptible service in maximum month ..... 2.407

Commodity Charge:

To be added to the Demand Charge:

For all gas deliveries, per therm ..... 3.899¢

Minimum Charge:

The minimum charge shall be the monthly Demand Charge.