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ORIGINAL

Decision No. 79366

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SAN DIEGO GAS & ELECTRIC COMPANY for authority, among other things, (a) to offset increased fuel oil costs; (b) to increase its rates and charges for electric service; (c) to include in its tariffs a Fuel Adjustment Clause; and (d) to add, modify or withdraw certain tariff schedules.	Application No. 52800 (Filed August 10, 1971)

Chickering & Gregory, Sherman Chickering, C. Hayden Ames, Donald J. Richardson, Jr., and Edward P. Nelsen, by C. Hayden Ames and Donald J. Richardson, Jr., Attorneys at Law; and Gordon Pearce and Fred I. Fox, by Fred I. Fox, Attorney at Law, for applicant.

William H. Kronberger, Jr., Attorney at Law, and Manley W. Edwards, for the City of San Diego; Harold Gold, Stuart R. Foutz and Richard L. Kuersteiner, by Stuart R. Foutz and Richard L. Kuersteiner, Attorneys at Law, for Department of Defense and Other Executive Agencies of the United States of America; K. R. Edsall, Rufus W. McKinney, and Frederick A. Peasley, by Jack D. Janofsky, Attorney at Law, for Southern California Gas Company; Anthony Albers, Deputy County Counsel, and T. R. Harwood, by T. R. Harwood, Attorney at Law, for the County of San Diego; and William L. Knecht and R. O. Hubbard, by William L. Knecht, Attorney at Law, for California Farm Bureau Federation; interested parties.

Donald C. Meaney, Attorney at Law, and Bruno A. Davis, for the Commission staff.

O P I N I O N

In the above entitled application, among other things, the applicant requests an interim order authorizing offset relief to recoup the current increases of fuel oil costs by increasing energy charges for all classes of service .90 mills per kilowatthour effective October 1, 1971, and continuing until applicant receives general rate relief.

After due notice, a public hearing on the application for an order authorizing a fuel oil offset, was held in San Diego before Examiner Rogers on October 14, 1971, various parties argued for and against the petition and the matter was submitted.

By Decision No. 57509, (an interim opinion) dated October 21, 1958, in Application No. 39680, applicant was granted authority to establish rates giving it a rate of return of 6.25 percent for its electric department.[1/]

Applicant's Vice President, Rates and Valuation, testified that the applicant is requesting offset relief to partially offset the substantial increase in electric generating costs caused by higher fuel oil prices; the increased costs are attributable to increased fuel oil prices and increased fuel oil consumption resulting from a shortage of plant gas; the shortage of natural gas for electric generation requires the applicant to increase its use of fuel oil for generation of electric energy; applicant estimates that in 1972 it will need to burn 5.7 million barrels of oil compared with 2.7 million barrels in 1971; and the cost of oil increased from approximately $2.00 per barrel in July 1970 to the current price of $5.02 per barrel.

1/ For authority for current rate of return, see Decision No. 77581, dated August 4, 1970, in Application No. 51674, and Decision No. 77879, dated October 27, 1970, in Application No. 52250.

The witness stated that the applicant is requesting offset relief in the amount of 0.9 mills per kwhr; this increase will generate an estimated increase in gross revenue for the last quarter of 1971 of $1,542,500 if placed in effect on October 1, 1971;[2/] and the applicant requests that the offset increase remain in effect until the Commission has made effective the general rate increase.

The witness further stated that the offset relief herein requested would be reflected in the applicant's rates by a new tariff filing which would increase all energy blocks by 0.9 mills per kwhr.

The witness presented Exhibit No. 4, pages 1 and 2 of which develop the offset amount of 0.9 mills per kwhr. Said pages are as follows:

2/ The applicant recognizes that, due to the President's wage-price freeze and this Commission's action affecting rate increases pending the termination of the freeze, the increase could not become effective until a later date.

1. Derivation of Fuel Oil Cost Increase.

Month/Year	Estimated Fuel Oil Use in Bbls.	Unit Fuel Cost in $/Bbl.*	Base Unit Fuel Cost in $/Bbl.	Increased Cost Per Unit in $/Bbl.	Increased Cost Total in $
October 1971	171,422	4.874	3.36	1.514	259,500
November	226,517	4.898	3.36	1.538	348,400
December	569,278	4.917	3.36	1.557	886,400
January 1972	757,061	4.939	3.36	1.579	1,195,400
February	554,404	4.903	3.36	1.543	855,400
March	561,709	4.871	3.36	1.511	848,700
April	396,300	4.841	3.36	1.481	586,900
May	232,475	4.786	3.36	1.426	331,500
June	155,534	4.762	3.36	1.402	218,100
July	143,813	4.749	3.36	1.389	199,800
August	203,088	4.760	3.36	1.400	284,300
September	204,796	4.768	3.36	1.408	288,400
Total	4,176,397				6,302,800

* Inventory price based on contract price, without escalation.

2. Derivation of Offset Increment per Kilowatthour.

a. Increase in Fuel Oil Cost for the Year Ending September 1972 — $6,302,800

b. Total System Sales for the Year Ending September 1972 — 7,166,240,000 Kwhr

c. Required Increment to Offset Increased Cost — 0.09¢/Kwhr

3.	Derivation of Revenue Increase for the Last Quarter (October, November and December) of 1971.	
a.	Increment	0.09¢/Kwhr
b.	Area System Sales for the Months of October, November and December 1971	1,697,710,000 Kwhr
c.	Gross Revenue Increase from Offset Including Franchise Effect	$1,542,500
4.	Derivation of Revenue Increase for the Full Year 1972.	
a.	Increment	0.09¢/Kwhr
b.	Area System Sales for the Full Year 1972	7,127,270,000 Kwhr
c.	Gross Revenue Increase from Offset Including Franchise Effect	$6,475,700

The witness testified that applicant used a base cost of $3.36 per barrel;[3/] the estimated cost per barrel varied between $4.874 per barrel in October 1971 and $4.768 per barrel in September 1972; and the total increased cost of fuel oil during the period stated was $6,302,800 for the year ending September 1972.

The witness testified that the quantity of oil multiplied by the difference between the unit fuel cost and the base unit fuel cost produces the increased cost and the total of this increased cost when divided by the estimated total system sales for the year ending September 1972 yields an increment of 0.9 mills per kwhr. The witness further testified the increment of 0.9 mills per kwhr is carried on down to develop the increased gross revenue effect from offset (including franchise) of $1,542,500 for the last quarter of 1971.

3/ See chart, last page, Exhibit No. 4.

The witness testified that the rate of return for the electric department for 1971, with a residual fuel oil cost of $3.36 per barrel would be 7.51 percent (Table 1, page 3, Exhibit No. 4); without the partial fuel oil expense offset, with the higher cost of oil the electric department's rate of return for 1971 would be 7.31 percent (Table 2, page 4, Exhibit No. 4); and with the requested partial fuel oil offset in effect for three months of 1971 only, the rate of return would be 7.50 percent (Table 3, page 5, Exhibit No. 4).

The witness further testified that with partial offset in effect for the entire year 1972, the electric department would have a rate of return of 5.52 percent (Table 4, page 6, Exhibit No. 4).

A Senior Vice-President of applicant whose duties include resource planning, fuel planning, environmental coordination, research and development, testified concerning the historical and prospective fuel requirements for the electric generating plants and the general effort that have been made in securing fuel oil supplies to cover the portion of the generating requirements for which natural gas is not available. He said that the growth of electric generating requirements has not been accompanied by a proportionate increase in the supply of natural gas available as power plant fuel but that the national shortage of natural gas has drastically decreased the supply available for electric generation. He said the combination of these two trends has produced a greatly magnified increase in fuel oil requirements; superimposed on this impact is the environmental effect which has made much of the nation's traditional coal fuel supply unacceptable because of its high sulfur and particulate content; fuel oil has been called upon to fill the gap since natural gas is not available; and this

sudden, and unplanned, increase in fuel oil demand came at a time when the international oil industry was beset by dislocations resulting from inadequate refining capacity, Mid-East conflict interference with shipping, and producer-country demands for greater income. The witness said that the stated factors coupled with the naturally limited supply of low sulfur oil acceptable for use in Southern California, have contributed to the drastic increase in applicant's fuel costs.

The witness said that in the past, because residual fuel oil has consistently been more expensive than natural gas, fuel oil has been used for electric generation only when natural gas has not been available; traditionally, curtailment of natural gas for power plant use has occurred during the winter heating season when the use rate by domestic and firm gas customers has been high; the degree of curtailment has been a function of winter weather conditions; and in a mild winter, there has been less gas curtailment, and consequently less fuel oil consumption, than in a cold winter wherein long periods of complete gas curtailment for power plant use have occurred.

He further stated that recently natural gas supplied approximately 80 percent of the fossil fuel required to applicant's electric generation; since natural gas has been the dominant fuel, relatively small changes in its availability have created relatively large percentage changes in the quantity of fuel oil required; and consequently fuel oil generally has been referred to as the "swing fuel." Historically, he said, the residual fuel oil for applicant's power plants has been refined in the Los Angeles area; the residual fuel oil is the material remaining after crude oil has been refined and processed to remove the more valuable oils, gasolines, kerosenes and similar "light" products; because the residual fuel oil is a

heavy, black, viscous fluid, relatively impure as compared to refined materials, it cannot be transported in the same pipelines used for other petroleum products and consequently, all of the fuel oil used in applicant's power plants has been transported from the Los Angeles area via barge or tankship; the residual fuel oil produced from domestic crude oils has typically been stored in large earthen depressions or reservoirs (tar pits) in the Los Angeles area; this storage capability in the Los Angeles area enabled applicant to secure deliveries of domestic residual fuel oil during the winter season at a time corresponding to the period of consumption; and thus, applicant did not require extensive storage facilities of its own.

The witness said that refiners continually upgrade their processes to maximize the yield of lighter products and minimize the residual to enhance the economic value of the crude oil; many of the refiners have installed equipment to convert the residual into coke, which has a relatively high market value in Japan for steel manufacturing processes, to further increase the economic value of the residual; the net effect of these activities has been to decrease the supply of domestic residual fuel oil in Southern California and substantially decrease its rate of accumulation; in part, these trends were accelerated by oil refiners' anticipation that the use of 1-1/2 percent to 2 percent sulfur residual from domestic crude oil would be prohibited in Southern California by Air Pollution Control Regulations.

The witness stated that during the decade of the 1960's, in response to air pollution problems in the Los Angeles basin, the use of low sulfur fuel oil was initiated by the electric utilities in that area; this low sulfur fuel oil was, and is, manufactured from crude oils having a low sulfur content; for West Coast use,

supplies of such crude oils are found in the Cook Inlet of Alaska and in Indonesia; while crude oils from both locations have low sulfur content, their physical characteristics are significantly different; while both oils require higher temperatures to become fluid than domestic residuals, the Indonesian oil has a high waste content which causes residual from that source to become essentially solid at temperatures below approximately 100° F.; both low sulfur crude oils must be brought to the Los Angeles area by tankship and must be processed in refining facilities separate from those processing other crude oils; due to the different physical properties which cause incompatibility and stratification dangers in addition to effects of higher sulfur contamination, the low sulfur oil requires separate storage facilities; these different characteristics preclude the use of tar pit storage, and applicant can no longer rely on storage in the Los Angeles area with shipment to San Diego limited to the winter burning season; consequently, oil must now be received at applicant's power plant sites at a relatively constant delivery rate; and this change in the refiner's ability to store and deliver fuel oil makes it much more difficult for applicant to arrange for sufficient quantities of fuel oil to meet potential cold winter requirements yet provide for reduced quantities of fuel oil if mild winter conditions occur.

The witness said the requirements for fuel oil supply are determined as follows: The natural gas expected to be available for power plant use is projected annually for a ten year period by utilities in California under a procedure established by the Commission in Case 5924; the procedure takes into consideration forecasts of natural gas supply, forecasts of natural gas requirements for the various classifications of customers, forecasts of electric customers' requirements and projections of electric

generation by means other than fossil fuels; from these factors the natural gas required for electric generation, if it were to supply all the fossil fuel requirements, is developed; by combining these total natural gas requirement statistics from all the California utilities, the natural gas deficiencies (and consequently fuel oil requirements) for electric generation under various weather conditions can be determined by the gas supply companies; Table 1 in Exhibit No. 4-A shows applicant's expected fuel oil requirements for average winter conditions as developed from data shown in Case 5924 annual reports for the years 1968, 1969, 1970, and 1971; in addition, the Southern California Gas Company issues at periodic intervals the expected gas offerings for the next 18 month period; these offerings show the expected curtailment for mild, average, cool, and cold weather conditions; Table II in Exhibit No. 4-A tabulates the fuel oil requirements shown by offerings submitted to applicant during the 1968-1969 to date periods.

He said these tables illustrate the drastic change in projected fuel oil requirements over the last several years; from 1967 through 1970 the gas supply for electric generation was fairly level; the gas supply expected for electric generation after 1970 is expected to rapidly deteriorate; and these changes, along with similar changes for the utilities in the Los Angeles Basin, coupled with major national and international disruptions in the fossil fuel supply chain, have significantly increased the difficulty in obtaining adequate fuel oil supplies having an acceptable sulfur content; during the last several decades applicant's basic fuel oil purchases have been made under five-year contracts which have specified maximum and minimum contract quantities for each July 1 to June 30 fiscal year; and the contract quantities have been based upon long-range projections.

The witness further stated that in July 1968, the applicant entered into a contract with the Union Oil Company for power plant fuel oil supplies during the 1969 through 1974 period; this contract provided for the declining fuel oil requirements as is shown by the following contract quantities:

Year	Minimum	Maximum
69-70	650,000	1,300,000
70-71	650,000	1,550,000
71-72	650,000	1,400,000
72-73	650,000	1,200,000
73-74	650,000	1,200,000

The witness said the contract specified a delivered price for bunker (domestic) fuel oil of $1.85/bbl less tax and for low sulfur fuel of $3.20/bbl less tax; these prices were firm through June 30, 1972, with the right to re-open price negotiation on twelve-months' notice thereafter; the contract specified that, with twelve-month notice, applicant could convert from domestic fuel oil to low sulfur fuel oil, and an oil import allocation credit of 75¢/bbl would be applied against the price of the low sulfur oil if use of such oil were required by government rule or regulation; applicant converted to the use of low sulfur fuel oil because of the increased use of domestic residual fuel oil during the winter of 1969-70, coupled with the increased sensitivity of the general public to visible plumes from power plant stacks which created widespread public criticism in both the Encina and the South Bay areas; when it became apparent early in 1970 that even greater use of fuel oil would be required in the winter of 1970-71, applicant's management initiated a program for conversion to the use of low sulfur oil; negotiations were started with the fuel oil supplier to arrange for conversion recognizing that

projected total oil requirements had already increased beyond the contract maximum; simultaneously, design work was initiated for the power plant piping modifications and storage tank insulation required with the low sulfur, high pour point fuel oil; and a sample of this fuel oil was refined, shipped and delivered for experimental use at Encina during the 1970 summer period to develop safe operating procedures.

The witness said that in 1970 the applicant initiated a program for conversion to the use of low sulfur oil; since production of low sulfur oil requires uniform monthly deliveries throughout the year, construction of two additional 250,000 bbl storage tanks at Encina and two additional 375,000 bbl storage tanks at South Bay was started; in order to qualify for the Federal oil import allocation which potentially could reduce the cost of low sulfur fuel oil by 75¢/bbl, the applicant proposed to the San Diego Air Pollution Control District that regulations be adopted requiring for large utility boilers, use of fuel oil having a sulfur content of one-half percent or less whenever it was available; the APCD adopted such regulations on July 14, 1970; late in June of 1970, the Union Oil Company had devised a method whereby one of its three refinery units could be dedicated to the production of low sulfur fuel oil under applicant's contract at the rate of 200,000 bbls per month; by this assignment of facilities and readjustment of crude supplies, Union agreed to provide 1,800,000 bbls of the low sulfur fuel during the 1970-71 contract year even though this quantity was in excess of the 1,550,000 bbls contract maximum; expected gas curtailments continued to increase; and efforts to procure additional quantities of low sulfur fuel oil were unsuccessful. He said because of this, applicant purchased from the Union Oil Company 400,000 bbls of domestic residual fuel oil still available within the maximum

1969-1970 contract quantity; Union was also able to provide an additional 400,000 bbls of domestic residual oil over and above 1970-71 contract commitments at the then existing delivered price of $2.40/bbl less tax and storage charges; later in the year when projected cold winter requirements had exceeded 3 million bbls, an additional 300,000 bbls of domestic residual oil was purchased from the Pacific Gas and Electric Company at the then posted price of $3.05/bbl less tax and freight; in November, 1970, an additional 100,000 bbls of domestic residual was made available by Union Oil Company for a delivered price of $3.60/bbl less tax; not all of this fuel oil was consumed during the 1970-71 period; weather conditions, while colder than normal, did not reach the cold winter classification; in addition, applicant was able to purchase more surplus power from the northwest than anticipated and as a result, applicant could rescind a portion of the domestic residual fuel oil purchased from the Pacific Gas and Electric Company and forego delivery of some of the Union Oil Company domestic residual; and applicant was able to end the oil burning season with only low sulfur fuel oil in storage and on order.

The witness stated that initial negotiations with Union Oil Company toward changing the 1971-72 contract demand from 1,400,000 bbls to the 4 million bbls range were initiated late in 1970 as soon as the 1970-71 oil supply had been assured; and the fuel oil requirements for the 1971-72 season can be supplied by Union Oil.

The witness said a new contract effective April 6, 1971, was executed which provides for deliveries of low sulfur fuel oil to a maximum of 5,650,000 bbls for the fifteen month period of April 1971 through June 1972; applicant retains an option to reduce

the quantities to 3,400,000 bbls during such period; and this option to reduce provides the flexibility required in the event of less than cold weather conditions.

The witness further stated that the delivery rates and contract volumes are established for the continuation of the contract term through June 30, 1974; the price, however, is firm only through June 30, 1972; each January, the parties will negotiate the price for the next contract year taking into account conditions then existing; and if the parties are unable to agree upon an equitible price, the issue of price will be submitted to impartial arbitration.

He said the prices under the new Union contract are $5.02 per bbl including tax and delivery for the first 3,400,000 bbls; and for the remainder of the maximum contract volume the price decreases to $4.77 per bbl; and these prices are subject to price adjustment related to changes in the posted price to Cook Inlet crude oil; and he believes the prices for the 1971-72 year are prudent.

When asked about the impact of the changed fuel oil requirements on fuel costs, the witness said if applicant purchases the full contract quantities of low sulfur fuel oil from Union Oil Company through June 30, 1972 it would cost $27,803,500 including sales tax and transportation; applicant estimates the cost of a similar quantity of California residual fuel oil would be $22,063,250; the difference attributed to the environmental effect would be about $5,743,250; the quantities of low sulfur fuel oil provided under the Union contract will not be adequate for years after the 1971-72 fiscal year; additional fuel oil will be required; to provide part of this additional oil, a three year contract has been executed with the Tesoro Alaskan Petroleum Corporation;

beginning in April 1972, Tesoro will sell applicant the low sulfur residual oil output from its Alaskan refinery; this will vary from 255,000 to 270,000 bbls per month; this oil has a price of $3.60/bbl exclusive of sales tax at refiner's loading dock; this price is for a three year period subject to escalation based upon the crude oil royalty price paid to the State of Alaska; and arrangements are now being made for the transportation of this oil from Alaska to San Diego.

The witness said if applicant reduces its requirements because of mild weather, Union Oil Company will reduce the quantity of residual oil produced from the scheduled crude oil deliveries by eliminating the blending-in of lighter oils; as a consequence, when deliveries are reduced, the viscosity of the oil will increase; this will require adjustment in burning techniques from time-to-time, but tests have indicated satisfactory combustion can be achieved over the full viscosity range that will be encountered; applicant anticipates the need for additional volumes of oil for the 1973-74 period and thereafter; if the current trends of delays and obstruction to the installation of nuclear and coal fired power plants continue, and the shortage of natural gas for power plant use continue, the requirement for low sulfur fuel oil will continue to increase for a number of years; applicant anticipates difficulty in obtaining increased quantities of low sulfur fuel because the world-wide demand therefor is increasing at a rate equal to or greater than that on the West Coast; competition for the relatively limited deposits of low sulfur crude oil will be intense; and applicant believes, however, that its efforts of the last several years in seeking additional fuel and additional sources will permit it to secure adequate supplies.

None of the parties introduced any affirmative evidence in support of a denial of the proposed interim increase.

The Commission staff had no opposition to the applicant's request for recovery at the increased cost of fuel oil pending a full hearing on the application.

The attorney for the City of San Diego argued that the applicant made no showing which would support any emergency increase in rates and that the request should be held in abeyance until the application for a general rate increase has been decided by the Commission.

The attorney for the Department of Defense supported the city's position. In addition, he moved to strike Paragraph VIII[4/] of Application No. 52800 for the stated reason the Commission lacks jurisdiction to grant such relief.

In our opinion, the facts presented to us warrant the granting of interim relief pending the hearing on the complete application. The parties had the opportunity to present opposing evidence. They declined to do so. Applicant, according to the uncontradicted evidence, is earning less than a reasonable rate of return and its rate of return is declining due to increased fuel oil costs.

Findings of Facts

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

1. Applicant's current electric rates were authorized by Decision No. 57509, dated October 21, 1958, in Application No. 39680. Said decision authorized rates to give applicant a rate of return on its electric department of 6.25 percent. Subsequently, by Decision

4/ Said paragraph reads: "Applicant requests offset relief to recoup a portion of the current substantial increases in fuel oil costs by increasing energy charges for all classes of service .90 mills per kilowatthour effective October 1, 1971."

No. 77581; dated August 4, 1970, in Application No. 51674, the Commission found that a rate of return between 7.4 and 7.6 percent was reasonable.

2. Applicant uses fuel oil to generate electricity. The cost of such oil to applicant has increased from a base price per barrel of $3.36 to $4.768 per barrel in September 1972.

3. The increased cost per barrel of fuel oil resulted in a gross increase in applicant's fuel oil costs of $6,302,800 for the twelve-month period ending on September 30, 1972.

4. With fuel oil costs at $3.36 per barrel, applicant's electric department rate of return would have been 7.51 percent. With the gross increase of $1,494,300 in fuel oil costs for the last three months for the year 1971, applicant's rate of return in its electric department was 7.31 percent, which is less than the Commission has found to be reasonable.

5. Applicant's estimate of additional gross revenues required to offset the increased cost of fuel oil to its electric department effective upon the end of the presidential price freeze, until a final order is issued herein relative to its request for general rate relief, is reasonable.

6. The increased revenues in the amount of $1,542,500 are expected to maintain applicant's rate of return at not to exceed 7.5 percent for the estimated year 1971.

7. The rate structure proposed by applicant will result in an increase in its rates to the affected electric customer of 0.09 cents per kwhr. This proposal is reasonable and should be authorized in this proceeding.

8. The motion to strike Paragraph VIII of Application No. 52800 should be denied.

Conclusions

Based on the foregoing findings, the Commission concludes that:

1. The authority sought by applicant to offset the increased cost of fuel oil should be granted to the extent and under the conditions set forth in the order which follows.

2. The increases in rates and charges herein authorized are justified.

3. The rates and charges herein authorized are reasonable.

4. The motion to dismiss Paragraph VIII of Application No. 52800 should be denied.

The increases in rates authorized will not increase applicant's level of earnings but will merely offset increases in cost of purchased fuel oil. Such increases are, in our opinion, consistent with the purposes of the Economic Stabilization Act of 1970, as amended. Applicant is expected to comply with the requirements of the Price Commission's regulations relating to the stabilization of prices and rents after November 13, 1971.

O R D E R

IT IS ORDERED that:

1. Applicant, San Diego Gas and Electric Company, is authorized to file with the Commission on and after the effective date of this order, revised tariff schedules with changes in rates, charges, and conditions as set forth in Appendix A, attached hereto. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be on not less than five days notice to the public and to the Commission.

2. The motion to strike Paragraph VIII of Application No. 52800 is denied:

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

Dated at San Francisco, California, this 22nd day of NOVEMBER, 1971.

Chairman

Commissioners

APPENDIX A

RATES - SAN DIEGO GAS & ELECTRIC COMPANY

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

SCHEDULES NOS. A-1 through A-6, A-ME1, A-ME2, D-1 through D-4, D-ME, H, LS-3, P, P-ME, PA, PDC and R

RATES

Add to each energy charge 0.09¢ per kwhr

SCHEDULES NOS. LS-1 and LS-2

RATES

The fuel oil offset charge of 0.09¢ per kilowatt hour will be added to the rates as follows:

Type and Nominal Rating of Lamp	Added Amount Per Month		
	All Night	Midnight	1:00 AM
Incandescent			
1,000 Lumens	$0.02	$0.01	$0.01
2,500 Lumens	0.06	0.03	0.04
4,000 Lumens	0.09	0.05	0.06
6,000 Lumens	0.12	0.06	0.08
10,000 Lumens	0.19	0.10	0.12
Mercury Vapor (Clear or Phosphor-coated)			
175 watts	$0.06		
250 watts	0.09		
400 watts	0.14		
700 watts	0.23		
1,000 watts	0.33		

SPECIAL CONDITIONS

Change the second sentence of Special Condition (1) of Schedule No. LS-1 as follows:

(1).....Where reactor balasts are furnished, the rates.....for the 175-watt lamp size and by 21¢ per lamp per month for the 250-watt lamp size.

SCHEDULES NOS. OL-1 and OL-ME

RATES

The fuel oil offset charge of 0.09¢ per kilowatt hour will be added to the rates as follows:

Type and Nominal Rating of Lamp	Added Amount Per Month
Mercury Vapor	
175 watt (7,000 Lumens)	$0.06
400 watt (20,000 Lumens)	0.13