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ORIGINAL

Decision No. 86281

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Amended Application of Pacific Gas and Electric Company for authority, among other things, to increase its rates and charges for electric service. (Electric)	Application No. 55509 (Filed February 25, 1975; amended October 16, 1975)
Amended Application of Pacific Gas and Electric Company for authority, among other things, to increase its rates and charges for gas service. (Gas)	Application No. 55510 (Filed February 25, 1975; amended October 16, 1975)

(Appearances are listed in Appendix A.)

INTERIM OPINION

Proceeding

Pacific Gas and Electric Company (PG&E) filed Applications Nos. 55509 and 55510 on February 25, 1975 which, respectively, request authority to increase its rates and charges for electric and gas service. The rates were designed to increase gross operating electric revenues by approximately 25.4 percent, or $373,724,000 annually, and gross operating gas revenues by approximately 12.9 percent, or $122,831,000 annually, on a 1976 test year basis. These applications were filed while hearings were in progress on PG&E's general electric, gas, and steam rate increase requests, Applications Nos. 54279, 54280, and 54281, and 105 days before the latter matters were submitted for decision on September 16, 1975. These proceedings are assigned to Commissioner D. W. Holmes, President, and referred to Examiner C. Towers Coffey for hearing.

On September 30, 1975, PG&E was directed to file Applications Nos. 55509 and 55510 to reflect the rates and charges authorized by Decision No. 84902 dated September 16, 1975 as prescribed by Commission Rule 23(b). PG&E, unrealistically had assumed for the purpose of these applications that present rates would be the rates requested in Applications Nos. 54279 and 54280.

Apparently PG&E planned to amend or update its application during the proceedings. Such an optimistic approach would result in the Commission and its staff, public agencies, potential parties to the proceedings, and the public not being informed timely of the amounts of increases being requested, PG&E's showing in support of its request of the rates being proposed, and comparisons between present and proposed rates. On October 16, 1975, PG&E amended its applications as directed.

On October 10, 1975, PG&E was directed to file with the Commission and distribute to all known parties on or before October 30, 1975, all of its prepared testimony and exhibits on which it relied to support its application. PG&E timely complied with this directive.

After a noticed prehearing conference on October 16, 1975, hearings on these applications on a consolidated record began on December 3, 1975. During the course of the proceedings, it became apparent that the question of rate design in the present case was dependent to some extent upon determinations that the Commission would make in other proceedings pending before it, principally Case No. 9988, the Commission's investigation into "lifeline" rates. It also became apparent that the conservation issue, centering upon the effectiveness of PG&E's conservation programs, could be more adequately examined if this issue were deferred to a second phase of the case. Consequently, this proceeding has been divided into two phases. Issues related to operating revenues, operating revenue deductions, rate base, and rate of return have been heard during phase one. Presentation on conservation, cost allocation, and rate spread issues will be considered in phase two. This interim decision deals with the phase one issues, will determine the appropriate amount of rate relief to be granted, and will authorize interim rates which, to the extent permitted by law, will preserve existing inter- and intra-schedule relationships.

Subsequent to this interim decision it is expected that PG&E and our staff will prepare and distribute to appearances proposed rate schedules reflecting the then-current Commission policy on rate structure, conservation, fuel cost adjustment surcharge, and lifeline usage. Thereafter further hearings will be held as indicated above on the issues of conservation, cost allocation, rate of return adjustment for conservation activity, and rate spread. Included in rate spread are the issues of employee discounts and street lighting charges on which substantial showings were made during the phase one hearings. At the conclusion of phase two hearings a final decision in this proceeding will modify as appropriate the interim rates prescribed herein.

After 42 days of hearing before Examiner Coffey,[1/] 75 exhibits, 3,362 pages of transcript, and the receipt of concurrent briefs, phase one of this proceeding was submitted for decision on June 15, 1976.

Motion for Partial Relief

On March 8, 1976, PG&E filed a motion for partial electric and gas general rate increases to be effective immediately. The requested increases are based upon the staff's estimate of 1976 test year revenues, expense, and rate base and would have increased electric revenues by $52,517,000 annually and gas department revenues by $50,665,000 annually. The requested increases would have provided PG&E with the 12 percent rate of return on common equity last found fair and reasonable for PG&E in Decision No. 84902, based upon a 1975 test year. The motion for partial relief was argued by the participants in the proceeding on March 19, 1976. Subsequent to the determination that the proceeding would be divided into two phases, PG&E was advised that it could renew its motion for partial relief upon submission of the phase one case. On the last day of hearing, PG&E indicated that it did not intend to renew its motion for partial relief at that time without waiving its right to renew the motion at some later time.

Public Hearings

Notice of public hearings in this proceeding was mailed to all of PG&E's electric and gas customers. The notice set forth the present and proposed rate schedule applicable to the service of each customer. Bill computation instructions and sample calculations were included to assist customers in determining the individual impact of the proposed rate increases.

1/ On several occasions of short duration, Examiner Gillanders or Examiner Thompson presided when Examiner Coffey was on sick leave. All rulings by Examiners Gillanders and Thompson have been ratified by Examiner Coffey.

Five evening hearings were held in Red Bluff, Stockton, Fresno, and San Francisco for the purpose of receiving statements from public witnesses. Approximately 1,350 members of the public attended these evening hearings. Of those present over 1,200 were PG&E employees and their sympathizers who were protesting the intention of the Commission announced in Decision No. 84902 to phase out employee discounts. About 70 presentations were made on this issue. Since this issue relates to the spread of rates to be considered in phase two of this proceeding, we shall defer consideration of the many public witness presentations and PG&E's evidence until the final order in this proceeding.

Twenty-one public witnesses spoke in opposition to the proposed rate increases, two supported applicant and one urged consideration of an employee stock ownership plan as a possible solution of the problem of financing future capital requirements.

A number of witnesses addressed rate-spread issues of lifeline usage, lifeline's impact on agriculture, lifeline's impact on mobile home park operators, and the impact of increased street lighting rates on the escalating cost of city government and related tax limitations. Again, these rate-spread issues will be considered in the second phase of this proceeding.

Beginning February 3, 1976, the presentations on results of operation issues were made by PG&E, the staff, and the Secretary of Defense for the executive agencies of the United States (Dept. of Defense). It is anticipated that other parties will make extensive presentations on conservation, cost allocation, and rate-spread issues in the second phase of this proceeding.

Requested Rate Increases

Amended Applications Nos. 55509 and 55510 request authorization to increase gross electric operating revenues by approximately 23.3 percent, or $341,798,000 annually, and gross gas operating revenues by approximately 10.5 percent, or $124,013,000 annually, on a 1976 test year basis. The combined annual revenue increases in the amended electric and gas applications amount to $465,811,000 compared with the $496,555,000 of the original applications. The primary differences between the amended applications and the original applications are that the amended applications reflect (1) revenues at present rates and the lifeline concept as authorized by Decisions Nos. 84902 and 84959, effective October 7, 1975, (2) an August 1, 1976 operative date for Diablo Nuclear Unit 1 rather than May 1, 1976, (3) PG&E's election to flow-through the benefits of the increased investment tax credit of the Tax Reduction Act of 1975, (4) removal of an estimated 4 percent wage increase on July 1, 1975 that did not occur, and (5) higher gas sales and revenues resulting from higher gas supply and higher unit cost of gas purchase. The following tabulation is a comparison of the amounts of revenue PG&E proposed to obtain from the various classes of electric customers:

ELECTRIC DEPARTMENT REVENUES*
YEAR 1976 ESTIMATED

Class of Service	Revenues: Present** Rates	Revenues: Proposed Rates	Increase: Amount	Increase: ¢/Kwhr	Increase: Percent
	(000 Omitted)				
CPUC Jurisdictional					
Residential	$ 516,592	$ 593,402	$ 76,810	0.43	14.9
Light and Power					
Small	197,219	233,686	36,467	0.74	18.5
Medium	331,912	429,121	97,209	0.75	29.3
Large	264,655	357,863	93,208	0.68	35.2
Total	793,786	1,020,670	226,884	0.72	28.6
Public Authority	10,117	11,325	1,208	0.06	11.9
Agricultural	93,969	120,948	26,979	0.73	28.7
Street Lighting	22,502	29,685	7,183	1.59	31.9
Railway	4,689	5,840	1,151	0.40	24.5
Interdepartmental					
Construction	911	1,156	245	0.72	26.9
Operation	2,521	3,247	726	0.72	28.8
Total	3,432	4,403	971	0.72	28.3
Subtotal	1,445,087	1,786,273	341,186	0.61	23.6
Other Oper. Rev.	24,428	25,040	612	-	2.5
Total	1,469,515	1,811,313	341,798	0.61	23.3
FPC Jurisdictional					
Resale	48,027	48,027	-	-	-
Other Oper. Rev.	7,492	7,492	-	-	-
Total	55,519	55,519	-	-	-
Total System	1,525,034	1,866,832	341,798	-	22.4

* Revenue estimates by PG&E in support of its amended application prior to PG&E adoption of staff estimates.

** Present rates are:

1. CPUC Rates in effect on October 7, 1975.
2. FPC Rates effective October 1, 1975.

The following tabulation is a comparison of the amounts of revenue PG&E proposed to obtain from various classes of gas customers:

GAS DEPARTMENT REVENUES
YEAR 1976 ESTIMATED

Class of Service	Revenues Present* Rates	Revenues Proposed Rates	Increase Amount	Increase ¢/Therm	Increase Percent
	(000 Omitted)				
Firm Service					
General Service					
Residential	$ 410,636	$ 432,100	$ 21,464	0.82	5.2
Com'l and Ind'l	167,853	192,575	24,722	2.18	14.7
Interdepartmental	931	1,100	169	2.28	18.2
Total Genl. Serv.	579,420	625,775	46,355	1.23	8.0
Resale	12,946	14,021	1,075	1.15	8.3
Total Firm Service	592,366	639,796	47,430	1.23	8.0
Interruptible Service					
Com'l and Ind'l**	482,947	545,318	62,371	1.85	12.9
Resale	451	492	41	1.15	9.1
Steam Electric Plants	109,732	123,903	14,171	1.85	12.9
Total Interruptible	593,130	669,713	76,583	1.85	12.9
Total Sales	1,185,496	1,309,509	124,013	1.55	10.5
Other Gas Revenues	843	843	-	-	-
Total Operating Revenues	1,186,339	1,310,352	124,013	-	10.5

* Includes Sales to Steam Dept. of 1,936,000 decatherms.

** Present rates are the rates effective October 1, 1975.

Present, Proposed, and Authorized Rates

General

The rates authorized by this interim decision will be revised after conclusion of the second phase of this proceeding during which showings by all interested parties on the issues of conservation, cost allocation, and rate spread will be received.

These interim rates will be increased for electric service by authorizing a uniform percentage increase to each customer class (as uniform as practical within the confines of the rate structures) above the rates in effect on the date of this decision. The revenue spread among the various rate schedules within a customer class will be spread on a uniform cents-per-kwhr. Rate schedules with demand charges will have such charges increased by the same percentage as class revenues were increased. The class percentage increase shall be applied to street lighting rates.

For gas rates the following method of interim spreading is authorized:

a. The tail block rates of Schedules G-1 through G-5 and the interrruptible rates should be raised to equal the tail block rates for Schedule G-7. Then, sequentially, rates in each schedule should be increased on a uniform cents-per-therm basis until the tail block rate of the next highest schedule is reached. This procedure should be continued with all schedules until all tail block rates for all schedules are the same.

b. Any additional revenue increase should be on a uniform cents-per-therm basis for all schedules.

The above methods of spreading interim rates are reasonable for this proceeding and will be adopted. The interim authorized rates will also incorporate the effects of the Commission's lifeline order Decision No. 86087 dated July 13, 1976. Decision No. 86087 will result in the transfer of electric master meter customers from the general service schedules to the DM and DS schedules. The following tabulation sets forth the authorized revenue by customer class and the effect on certain classes of the lifeline decision:

Customer Class	Revenue Under 10/7/75 Rates (A)	Revenue Under 10/7/75 Rates & D 86087 (B)	Increase Over B Amount (C)	Increase Over B % (D)
	(Dollars in Thousands)			
Residential				
Lifeline	$ 294,674	$ 309,985 1/	$ -	-
Non-Lifeline	214,712	221,959 1/	22,892	10.3
Subtotal	509,386	531,944 1/	22,892	4.3
Small L & P	189,010	177,267 1/	18,002	10.2
Medium L & P	316,550	300,753 1/	30,875	10.3
Large L & P	248,909	248,909	25,963	10.4
Public Authority	10,117	10,117	321	3.2
Agricultural	94,973	94,973	9,639	10.1
Street Lighting	22,502	22,502	2,234	9.9
Railway	4,689	4,689	509	10.9
Interdepartmental	3,432	3,432	352	10.3
Other	26,094	26,094	222	.9
Total CPUC	1,425,662	1,420,680 1/	111,009	7.8

1/ Revenue shift due to master meter customers on general service schedules transferring to DM and DS schedules. Because of different rates, $4,982,000 less revenue collected at present rates.

An energy cost adjustment clause increase granted PG&E in June of 1976 results in test year revenues at current rates. The effects of Decision No. 86087 and corresponding percentage increases to each customer class are as follows:

Customer Class	Revenues at Current Rates (A)	Increase Amount (B)	% (C)
	(Dollars in Thousands)		
Residential			
Lifeline	$ 306,175	$ -	-
Non-Lifeline	238,468	22,892	9.6
Subtotal	544,643	22,892	4.2
Small L & P	185,095	18,002	9.7
Medium L & P	321,807	30,875	9.6
Large L & P	271,386	25,963	9.6 1/
Public Authority	10,561	321	3.0 1/
Agricultural	101,682	9,639	9.5
Street Lighting	23,311	2,234	9.6
Railway	5,205	509	9.8
Interdepartmental	3,674	352	9.6 2/
Other	27,307	222	0.8 2/
Total CPUC	1,494,671	111,009	7.4

1/ No increase given to State Water Project or City and County of San Francisco (CCSF) contracts.

2/ Increase given only to street lighting and wheeling charges per CCSF contracts. No increase to other nonelectric sales revenues.

Electric Rates

Exhibits A and C of amended Application No. 55509 set forth in detail all of PG&E's present and proposed electric rate increases. Exhibit A is composed of the tariff sheets in effect on the filing date of the amended application, October 16, 1975. The following tabulations compare residential and general service present and proposed electric rates with those hereafter authorized:

ELECTRIC RATE COMPARISONS

Residential Service*

	Schedule D-1 Present	Schedule D-1 Proposed	Schedule D-1 Authorized
Customer charge	$1.50	$1.50	$1.50
First 300 kwhr, per kwhr.	.0200	.0200	.02249
Over 300 kwhr, per kwhr.	.0184	.0271	.02089

	Schedule D-2 Present	Schedule D-2 Proposed	Schedule D-2 Authorized
Customer charge	$1.60	$1.60	$1.60
First 300 kwhr, per kwhr.	.0220	.0220	.02449
Over 300 kwhr, per kwhr.	.0184	.0271	.02089

	Schedule D-3 Present	Schedule D-3 Proposed	Schedule D-3 Authorized
Customer charge	$1.70	$1.70	$1.70
First 300 kwhr, per kwhr.	.0230	.0230	.02549
Over 300 kwhr, per kwhr.	.0184	.0271	.02089

	Schedule D-4 Present	Schedule D-4 Proposed	Schedule D-4 Authorized
Customer charge	$1.80	$1.80	$1.80
First 400 kwhr, per kwhr.	.0230	.0230	.02549
Over 400 kwhr, per kwhr.	.0184	.0271	.02089

	Schedule D-5 Present	Schedule D-5 Proposed	Schedule D-5 Authorized
Customer charge	$2.00	$2.00	$2.00
First 500 kwhr, per kwhr.	.0240	.0240	.02649
Over 500 kwhr, per kwhr.	.0184	.0271	.02089

* The present rate for residential service shown above is the lifeline rate for lifeline usages authorized by Decision No. 86087 dated July 13, 1976.

The authorized rate for residential service shown above is the non-lifeline rate for all energy used in excess of the lifeline allowances. For example, a D-1 customer with a basic lifeline allowance of 240 kwhr would be billed as follows:

First 240 kwhr at $.0200 per kwhr
Next 60 kwhr at $.02249 per kwhr
Excess kwhr at $.02089 per kwhr

General Service (Nonresidential)

	Schedule A-1		
	Present	Proposed	Authorized
Customer charge	$1.50	$1.50	$1.50
First 800 kwhr, per kwhr	.035	.04221	.0391
Next 1,200 kwhr, per kwhr	.032	.03921	.0361
Over 2,000 kwhr, per kwhr	.027	.03421	.0311

	Schedule A-2		
	Present	Proposed	Authorized
Customer charge	$1.60	$1.60	$1.60
First 800 kwhr, per kwhr	.037	.04421	.0411
Next 1,200 kwhr, per kwhr	.034	.04121	.0381
Over 2,000 kwhr, per kwhr	.027	.03421	.0311

	Schedule A-3		
	Present	Proposed	Authorized
Customer charge	$1.70	$1.70	$1.70
First 800 kwhr, per kwhr	.040	.04721	.0411
Next 1,200 kwhr, per kwhr	.035	.04221	.0391
Over 2,000 kwhr, per kwhr	.027	.03421	.0311

	Schedule A-4		
	Present	Proposed	Authorized
Customer charge	$1.80	$1.80	$1.80
First 800 kwhr, per kwhr	.044	.05121	.0481
Next 1,200 kwhr, per kwhr	.036	.04321	.0401
Over 2,000 kwhr, per kwhr	.027	.03421	.0311

	Schedule A-5		
	Present	Proposed	Authorized
Customer charge	$2.00	$2.00	$2.00
First 800 kwhr, per kwhr	.055	.06221	.0591
Next 1,200 kwhr, per kwhr	.042	.04921	.0461
Over 2,000 kwhr, per kwhr	.027	.03421	.0311
Polyphase Service: All Schedules	$1.25	$1.25	$1.25

General Service - Demand Metering

	Schedule A-12 Present	Proposed	Authorized
Demand charge:			
First 50 kw of billing demand or less	$100.00	$125.00	$110.00
Over 50 kw of demand, per kw	1.75	2.25	1.92
Energy charge:			
First 5,000 kwhr, per kwhr.	.0167	.0225	.01875
All excess over 5,000 kwhr:			
First 100 kwhr/kw, per kwhr	.0167	.0225	.01875
Next 200 kwhr/kw, per kwhr	.0119	.0177	.01395
Over 300 kwhr/kw, per kwhr	.0087	.0145	.01075

	Schedule A-13 Present	Proposed	Authorized
Demand charge:			
First 1,000 kw of billing demand. . .	$2,250.00	$2,750.00	$2,465.00
Over 1,000 kw of billing demand, per kw	1.60	2.10	1.75
Energy charge:			
First 100 kwhr/kw, per kwhr	.01434	.0201	.01598
Next 200 kwhr/kw, per kwhr	.00974	.0155	.01138
Over 300 kwhr/kw, per kwhr	.00774	.0135	.00938

General Service - Direct Current

	Schedule A-15 Present	Proposed	Authorized
Customer charge	$0.75	$0.95	$0.75
First 50 kwhr.	.0756	.0945	.0782
Next 150 kwhr.	.0686	.0858	.0712
Next 800 kwhr.	.0606	.0758	.0632
Next 2,000 kwhr.	.0536	.0670	.0562
Next 12,000 kwhr.	.0436	.0545	.0462
All over 15,000 kwhr:			
First 50 kwhr, per kw of billing demand	.0366	.0458	.0392
Next 150 kwhr, per kw of billing demand	.0276	.0345	.0302
All excess per kwhr	.0196	.0245	.0222

A fuel cost adjustment of \$.00595 per kilowatt-hour is added to lifeline amounts determined from PG&E's rate schedules and an energy cost adjustment of \$.00816 per kwhr is added to all non-lifeline amounts. A fuel collection balance adjustment of \$.00042 per kilowatt-hour must be deducted and the State Energy Resources Tax of \$.0001 per kilowatt-hour must be added to amounts determined from present, proposed, and authorized electric rate schedules.

Gas Rates

Exhibits A and C of amended Application No. 55510 set forth in detail all of PG&E's present and proposed gas rate increases. Exhibit A is composed of the tariff sheets in effect on the filing date of the amended application, October 16, 1975. The following tabulations compare residential and nonresidential present and proposed gas rates with those hereafter authorized:

GAS RATE COMPARISONS

Residential Service*

	Schedule G-1R		
	Present	Proposed	Authorized
First 2 therms or less	$1.46964	$1.46964	$1.46898
Next 23 therms, per therm	.13952	.13952	.13919
Next 50 therms, per therm	.13472	.13472	.13439
Over 75 therms, per therm	.14472	.16759	.15662

	Schedule G-2R		
	Present	Proposed	Authorized
First 2 therms or less	$1.57464	$1.57464	$1.57398
Next 23 therms, per therm	.13952	.13952	.13919
Next 50 therms, per therm	.13472	.13472	.13439
Over 75 therms, per therm	.14472	.16759	.15662

	Schedule G-3R		
	Present	Proposed	Authorized
First 2 therms or less	$1.68264	$1.68264	$1.68198
Next 23 therms, per therm	.14372	.14372	.14339
Next 50 therms, per therm	.13702	.13702	.13669
Over 75 therms, per therm	.14622	.16909	.15662

	Schedule G-4R		
	Present	Proposed	Authorized
First 2 therms or less	$1.84464	$1.84464	$1.84398
Next 23 therms, per therm	.14802	.14802	.14769
Next 50 therms, per therm	.13922	.13922	.13889
Over 75 therms, per therm	.14772	.17059	.15662

	Schedule G-5R		
	Present	Proposed	Authorized
First 2 therms or less	$2.11264	$2.11264	$2.11198
Next 23 therms, per therm	.15572	.15572	.15539
Next 50 therms, per therm	.14382	.14382	.14349
Over 75 therms, per therm	.14922	.17209	.15662

* The present rate for residential gas service shown above are the lifeline rates effective October 1, 1975. The authorized rates shown above are the lifeline rates for all gas used in lifeline allowances authorized by Decision No. 86087 dated July 13, 1976. Where authorized rates are lower than present and proposed rates up to 75 therms, the difference is due to an April 1, 1976 monetary exchange (U.S.-Canadian) authorization rate reduction of .0334 per therm.

	Schedule G-7R		
	Present	Proposed	Authorized
First 2 therms or less	$1.89864	$1.89864	$1.89798
Next 23 therms, per therm	.16112	.16112	.16079
Next 50 therms, per therm	.15512	.15512	.15479
Over 75 therms, per therm	.16512	.18799	.16479

	Schedule G-11R		
	Present	Proposed	Authorized
First 2 therms or less	$2.32664	$2.32664	$2.32598
Next 23 therms, per therm	.17312	.17312	.17279
Next 50 therms, per therm	.16232	.16232	.16199
Over 75 therms, per therm	.17232	.19519	.17199

	Schedule G-12R		
	Present	Proposed	Authorized
First 2 therms or less	$2.70164	$2.70164	$2.70098
Next 23 therms, per therm	.18042	.18042	.18009
Next 50 therms, per therm	.16692	.16692	.16659
Over 75 therms, per therm	.17692	.19979	.17659

	Schedule G-13R		
	Present	Proposed	Authorized
First 2 therms or less	$3.02264	$3.02264	$3.02198
Next 23 therms, per therm	.20112	.20112	.20079
Next 50 therms, per therm	.18032	.18032	.17999
Over 75 therms, per therm	.19032	.21319	.18999

GAS RATE COMPARISONS

General Service (Nonresidential)

	Schedule G-1N		
	Present	Proposed	Authorized
First 2 therms	$1.46964	$1.51538	$1.49084
Next 23 therms	.13952	.16239	.15012
Next 50 therms	.13472	.15759	.14532
Over 75 therms	.14472	.16759	.17696

	Schedule G-2N		
	Present	Proposed	Authorized
First 2 therms	$1.57464	$1.6203	$1.59584
Next 23 therms	.13952	.16239	.15012
Next 50 therms	.13472	.15759	.14532
Over 75 therms	.14472	.16759	.17696

	Schedule G-3N		
	Present	Proposed	Authorized
First 2 therms	$1.68264	$1.72838	$1.70384
Next 23 therms	.14372	.16659	.15432
Next 50 therms	.13702	.15989	.14762
Over 75 therms	.14622	.16909	.17696

	Schedule G-4N		
	Present	Proposed	Authorized
First 2 therms	$1.84464	$1.89038	$1.86584
Next 23 therms	.14802	.17089	.15862
Next 50 therms	.13922	.16209	.14982
Over 75 therms	.14772	.17059	.17696

	Schedule G-5N		
	Present	Proposed	Authorized
First 2 therms	$2.11264	$2.15838	$2.13384
Next 23 therms	.15572	.17859	.16632
Next 50 therms	.14382	.16669	.15442
Over 75 therms	.14922	.17209	.17696

	Schedule G-7N		
	Present	Proposed	Authorized
First 2 therms	$1.89864	$1.94438	$1.91984
Next 23 therms	.16112	.18399	.17696
Next 50 therms	.15512	.17799	.17696
Over 75 therms	.16512	.18799	.17696

	Schedule G-11N		
	Present	Proposed	Authorized
First 2 therms	$2.32664	$2.37238	$2.34784
Next 23 therms	.17312	.19599	.17696
Next 50 therms	.16232	.18519	.17696
Over 75 therms	.17232	.19519	.17696

	Schedule G-12N		
	Present	Proposed	Authorized
First 2 therms	$2.70164	$2.74738	$2.72284
Next 23 therms	.18042	.20329	.18009
Next 50 therms	.16692	.18979	.17696
Over 75 therms	.17692	.19979	.17696

	Schedule G-13N		
	Present	Proposed	Authorized
First 2 therms	$3.02264	$3.06838	$3.04384
Next 23 therms	.20112	.22399	.20079
Next 50 therms	.18032	.20319	.17999
Over 75 therms	.19032	.21319	.18999

Results of Operations

Page 1 of Appendix B and Appendix C to this decision shows for the electric and gas operations, respectively, PG&E's original 1976 estimated results of operations (Column A), the staff's final 1976 estimated results of operations (Column B), PG&E's final 1976 estimated results of operations (Column C), and the dollar differences between PG&E and the staff (Column D). Notes on the following pages of each of the two appendices describe the differences by accounts. Page 7 of Appendix B shows PG&E's electric CPUC jurisdictional results of operations for the 1976 test year. Both PG&E and the staff estimated electric results of operations on a total electric system basis and then separated those portions of the total electric system results of operations which provide electric service subject to the jurisdiction of the CPUC from those subject to the jurisdiction of the FPC. There is no dispute concerning this allocation. It is the CPUC jurisdictional results of operations shown on page 7 of Appendix B that provide the basis for the proposed electric rate increase.

The rates of return which PG&E now estimates will be achieved by its electric and gas operations, as shown in Appendices B and C, are higher than the rates of return that PG&E estimated at present rates in its amended applications because changes occurred between the filing of the amended applications and the conclusion of hearings. For example, when the amended applications were filed Diablo Unit 1 was expected to become operative on August 1, 1976; and it was included in rate base on that basis. Now PG&E recognizes that Diablo Unit 1 may well not be operative during the 1976 test year and as a consequence has excluded it from the test year. The intervening period has also provided more recent data that has resulted in revised estimates. PG&E has accepted certain staff estimates in order to eliminate issues. As a consequence, lesser revenue increases than PG&E originally anticipated would be required for the electric and gas operations to provide PG&E with the 10.1 percent rate of return, with its corresponding 15 percent rate of return on common equity, that PG&E advocates as a fair and reasonable rate of return on a 1976 test year basis.

On the basis of PG&E's present electric and gas results of operations, PG&E would require a 23.4 percent increase excluding fuel clause revenue of $260,733,000 in annual electric CPUC jurisdictional revenues to be able to earn a 10.1 percent rate of return instead of the $341,798,000 reflected in the amended application and a 7.8 percent increase of $96,781,000 in annual gas revenues instead of the $124,013,000 reflected in the amended application. It should be noted that the significant decrease in electric revenues and production expenses shown in Appendix B, pages 1 and 7, in going from Column A to Column C, results primarily from the inclusion of fuel cost adjustment revenues and expenses in Column A and their elimination in Column C in accordance with Commission Decision No. 85731 authorizing an energy cost adjustment clause.

Issues

The issues that exist between PG&E and staff now appear to be in the following areas:

Rate of Return (Electric and Gas)
Administrative and General Expense (Electric and Gas)
Customer Accounts Expense (Electric and Gas)
Sales Expense (Electric and Gas)
Production Expense (Electric)
Distribution Expense (Electric)
Distribution Expense (Gas)
Transmission Expense (Gas)
Construction Work in Progress in Rate Base (Electric and Gas)

Based upon direct presentations, the only issue between PG&E and third parties is that raised by the U.S. Govt. witness who estimated higher electric sales to various classes of customers with correspondingly higher revenues.

These issues will each be considered hereinafter.

Rate of Return

Exhibits and testimony relating to rate of return were presented by two witnesses. PG&E's financial vice-president urged the adoption of a 10.10 percent rate of return. A staff member of the Finance and Accounts Division recommended a return in the range of 8.90 percent to 9.20 percent and specifically chose 9.00 percent for the purpose of setting rates. Their estimates of capital structure and imbedded costs of senior securities for the 1976 test year varied slightly but the conclusions of each witness as to the appropriate earnings allowance for common equity differed significantly as illustrated in the following summary:

	Company			Staff		
	Capital Ratios	Cost	Weighted Total	Capital Ratios	Cost	Weighted Total
Long-term debt	50.16%	7.15%	3.59%	50.00%	7.04%	3.52%
Preferred Stock	12.42	7.26	.90	12.97	7.24	.94
Common Equity	37.42	15.00	5.61	37.03	12.26	4.54
Total	100.00		10.10	100.00		9.00

The applicant's original estimates of outstanding debt at the end of 1976 provided for two bond issues, one a $175 million issue in mid-year and another $200 million sale later in the year, both at a cost of 10.02 percent. Estimates of additional preferred stock issues included an aggregate par value of $75 million in 1975 at 10.50 percent and $75 million in 1976 at 10.00 percent.

Using more current information, the staff estimated that $350 million of new bonds would be sold at an average cost of 9.12 percent and $187.5 million of preferred stock would be issued at an average cost of 9.49 percent. The actual average cost of the new preferred was 9.72 percent, thus increasing the imbedded cost of outstanding preferred stock to 7.30 percent compared to the original estimate of 7.24 percent. The staff's common equity ratio is slightly below the applicant's because the staff's estimate of net income retained in 1976 is about $41 million lower.

Recognizing that long-term interest rates for securities similar in quality to PG&E have been generally fluctuating between 9.00 percent and 10.00 percent and considering the changes which have occurred in the cost and mix of securities already sold and to be issued later in the year, we will adopt the staff's capital structure, including outstanding debt and preferred stock at respective costs of 7.04 percent and 7.30 percent, respectively.

Throughout these proceedings, PG&E has emphasized the necessity of preventing further impairment of its financial integrity, pointing to recent downgradings of its senior securities by one of the rating agencies. Applicant's rate of return witness testified that the granting of a 10.10 percent rate of return would provide the minimum coverage needed to hold its bond and preferred stock ratings at present levels, stating that interest coverage after income taxes for PG&E's bonds would be 2.81 times and that combined interest and preferred dividend coverage would be 2.25 times. The related allowance for common equity would be 15.00 percent, a return considered vital by the witness in order to raise the market price of the PG&E common stock to a level equivalent to or above book value and to prevent a further deterioration of the applicant's financial position.

In support of his recommendation, the witness limited his comparisons with other utilities principally to yields of new Aa-rated bond issues and new AA-rated preferred stock issues during 1974 and 1975. He summarized downgradings of senior securities experienced by fifty of the largest electric and combination utilities for the 1970-75 period, and he presented data on common equity returns realized by the fifty largest utilities and fifty industrial companies for the years 1968 through 1974. The witness referred to the increasing magnitude of capital requirements which for the year 1974 amounted to $980 million compared to a figure of $274 million in 1964, pointing out that 60 percent of such requirements were internally generated in 1964 compared to 33 percent in 1974. According to company estimates, capital requirements for 1975 and 1976 will total $1.6 billion and 41 percent of that sum will be obtained from internal sources; the remainder, of course, must be obtained from external sources through sales of additional bonds and equity securities. To attract the necessary capital at reasonable costs and to compensate its investors for the risks assumed, the applicant urges the Commission to grant its request for a 10.10 percent rate of return.

A supplemental exhibit and testimony were introduced by PG&E's rate of return witness regarding the substantial gains realized in past years on the purchase of longer-lived deep discount bonds for the purpose of satisfying sinking fund requirements. The gains are non-cash in nature and although cash flow is not improved upon their realization, PG&E's earnings per share are increased and a portion of its debt is, in effect, transferred to common equity. Because maturing bonds will be refunded in varying amounts annually over the next ten years and in view of existing pressures on external financing, the witness testified that PG&E's future policy will be to purchase those bonds maturing in the near future in order to reduce immediate refunding obligations. As a result of this change in policy, the witness anticipated that gains on reacquired bonds would decline from $15 million realized in 1975 to $5 million by 1977; thereafter, he expects such gains would be eliminated depending on the level of interest rates and market availability of specific issues.

An exhibit and testimony pertaining to credit ratings and capital markets were submitted on behalf of PG&E by a vice-president of Kidder, Peabody & Co., Inc. for the purpose of demonstrating the impact on ratepayers of bond downgradings. The witness presented cost of money calculations assuming various coverages required to maintain given levels of bond ratings, indicating that as quality declines the cost of bonds increases as the debt ratio expands and the cost of equity, particularly common stock, rises because of the preponderance of fixed charge securities in the capital structure. He concluded that a downrating of PG&E's bonds to an A level would benefit ratepayers for a few years but would eventually increase their bills over the long run. We are not satisfied that the assumptions of the study leading to this conclusion are entirely valid. This is the first study presented to us of the popular concept that high bond ratings automatically result in lower costs to ratepayers. This subject merits further study in depth.

His exhibit summarizes the changes which occurred in the financing plans of many utilities during the chaotic days of 1974 and analyzes the numerous downgradings since 1970, citing some of the reasons mentioned by the rating agencies. The witness also presented comparisons of bond yields and market-to-book relationships of selected utility common stocks and endeavored to demonstrate mathematically that PG&E required at least a 15.20 percent return on common equity in order to produce a market price equivalent to 125 percent of book value.

The staff's rate of return witness presented, among other things, comparisons of PG&E's operating results with five-year averages experienced during 1970-74 by thirty utilities classified in groups of ten by combination companies, electric utilities, and gas distributors. The 12.26 percent return derived from his recommendation would provide a coverage after income taxes of 2.56 times for interest on debt and a combined coverage of 2.02 times including dividends on preferred stock. The witness testified that his recommendation is not predicated on the coverages purportedly required to maintain the applicant's bond ratings; rather, his recommendation embraces the principle of fairness in the treatment accorded to consumers after giving consideration to the cost of capital. According to the witness, PG&E's objective of keeping its debt ratio close to 50 percent is a prudent one, notwithstanding the higher costs associated with selling more equity because too much debt could make the company more vulnerable to unforeseen changes in the economic cycle. He would view a downgrading of PG&E's bonds as serious but not necessarily indicative that the company's financial position would be in jeopardy.

The staff witness testified that the applicant is a financially strong, a well-managed and an aggressive utility, pointing out that during the ten years ended in 1974, the applicant has realized moderate growth in earnings and book value despite the many economic problems encountered. Over the ten-year period, PG&E's book value increased by $973 million, one quarter of which was obtained from the sale of common stock; earnings available to common equity totaled $1.6 billion; dividends paid to common shareholders amounted to about $928 million; and the volume of external financing aggregated $2.6 billion in a period when PG&E's common equity return ranged between 10.22 percent and 12.06 percent, averaging 11.26 percent for the ten years. Thus, the staff witness concluded that his recommended return of 12.26 percent for common equity would be sufficient to assure continued confidence in PG&E's financial integrity, thereby enabling the applicant to maintain its credit and attract capital.

In Decision No. 84902, the Commission generally discussed the provisions of PG&E's bond indenture and the relationship to gains realized on bonds reacquired to satisfy sinking fund requirements. The decision continued the policy of recognizing such gains as other income but the staff was directed to study the matter further and to present recommendations on proper regulatory treatment of this item.

Several alternatives were considered by the staff witness in these proceedings; one was amortization of the gains over the remaining life of the various series of outstanding bonds affected by sinking fund retirements. Under this method the gains previously recorded as other income would be reclassified as deferred credits to be amortized annually by credits to interest expense, thus lowering the imbedded cost of debt. The effect would be a disallowance of a portion of cash interest payments on debt previously authorized by the Commission.

Inclusion of the gains in operating revenues was another alternative which, in the opinion of the staff witness, would further aggravate the company's cash flow problem because the gains do not generate any cash. The witness also considered the alternative of reducing rate base by the amount of gains realized and concluded that this method would also have a negative effect on cash flow but to a lesser extent.

All of these alternatives would reduce current-year net income; similarly, the company's common equity would be reduced by the amount of gains accumulated over a period of years and the proportion of senior securities in the applicant's capital structure would be increased.

In arriving at an allowance of 12.26 percent for common equity, the staff witness treated the gains as other income which would be available to bolster earnings and interest coverage, and he recommended that the Commission continue this policy. If an alternative treatment is chosen, the witness indicated that the return for common equity should be increased appropriately to reflect the added risks associated with reduced earnings and a lower common equity ratio.

We can find no basis for continuing to treat these gains as non-operating income. The gains occur because of economic circumstances, not management ability. The high interest costs that create these gains are paid by ratepayers as part of the embedded cost of debt. The benefit should be shared by the ratepayers.

We will recognize the anticipated $10 million gain on reacquired bonds in 1976 as deferred income and interest-free capital to be amortized over the remaining life of the individual bond issues affected by sinking fund retirements. Similar ratemaking treatment will be accorded to any such gains realized in the future.

The record shows that PG&E must continue to finance a large part of its future capital requirements with funds to be obtained from external sources through sales of its securities. As previously observed, the company's plans for 1976 call for issuing $350 million of its bonds, and it has already sold $187.5 million aggregate par value of preferred stock at rates exceeding the embedded cost of senior securities presently outstanding. The applicant also expects to receive about $150 million from the sale of additional common stock, which has recently been priced at about 75 percent of book value.

The quality of PG&E's securities depends largely on the proportion of common equity in its capital structure and the earnings realized thereon; these factors, in turn, influence the coverage for payment of interest and dividends on senior securities and the growth potential for future earnings and dividends on the common stock.

A review of the five-year averages developed in the staff's exhibit discloses that PG&E's common equity ratio for the 1970-74 period was 35.57 percent and that the return on common equity was 11.48 percent, resulting in an interest coverage of 2.68 times. For the year 1975, PG&E's annual report to the Commission indicates that the common equity ratio was virtually the same, but the return for common equity and interest coverage declined to 9.69 percent and 2.23 times, respectively. Based on present rates, the applicant estimates that its overall rate of return for the 1976 test year will decline further to 6.25 percent, yielding about 4.70 percent on common equity and producing an interest coverage of 1.74 times. Thus, PG&E expresses genuine concern about maintaining the quality of its securities and encouraging further market acceptance of its future offerings.

We are fully cognizant of this serious situation, but our ultimate judgment on the reasonable allowance for common equity must necessarily be tempered with fairness.

It is clear from the evidence before us that PG&E's requested return for common equity is founded basically on broad interpretations of returns and security ratings allegedly required by investors as an inducement for furnishing large sums of capital in the future. After-tax interest coverage considered as vital by the applicant to sustain double A ratings for its bonds is 2.81 times compared to 2.55 times derived from the staff's recommendation. Although the difference appears moderate, the 15.00 percent common equity allowance requested by the company is considerably higher than the 12.26 percent recommendation of the staff.

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It has been our experience that investors expect higher returns on equity from flow-through utilities. We have considered the fact that PG&E is a flow-through utility in determining the reasonable rate of return.

The various earning comparisons and other information considered by the witnesses in developing their recommendations are helpful guides in finally establishing an appropriate return for common equity in these proceedings. It is axiomatic, however, that inflationary surges accompanied by increases in interest rates and declines in market prices of securities are all components of risk present in any investment. Notwithstanding numerous bond and preferred stock downgradings and declines of common stock prices to levels below book value, many utilities of PG&E's stature have been able to sell new security issues during times when their returns on common equity were much less than 15.00 percent.

After considering all of the evidence, we have concluded that a reasonable rate of return for PG&E is 9.20 percent, which provides an allowance of 12.83 percent for common equity; interest coverage after income taxes is 2.61 times; and combined coverage for interest and preferred stock dividends is 2.06 times.

This authorized rate of return reflects that on a comparable risk basis PG&E is entitled to a higher rate of return than a company which does not flow-through its tax savings. We have set this rate of return at the highest point of the staff recommendation on an interim basis only. In the future, it will be our practice to require an affirmative showing of vigorous and successful conservation efforts for any increase in return on equity. In this case, because it is the first in which the Commission has considered the relationship between conservation efforts and rate of return, we have postponed that consideration until the second phase. In view of our choice of the highest range of the staff recommendation, we explicitly leave open the possibility of a reduction in the rate of return depending on the evidence forthcoming in Phase II.

Before leaving this very important subject, we suggest to the applicant and other California utilities that the time is ripe for more innovative thinking in regard to methods of financing the unprecedented capital expenditures projected for the future.

Estimates of Operating Expenses

PG&E and the staff differ in some of their estimates of operating expenses common to both electric and gas operations, namely, in administrative and general expense, customer accounts expense, and sales expense. They also differ in their estimates of electric production and distribution expenses, and in gas transmission and distribution expenses. As shown on page 7 of Appendix B, the CPUC jurisdictional electric operating expense issues excluding taxes and depreciation between PG&E and the staff amount to $13,762,000. As shown on page 1 of Appendix C, the gas operating expense differences amount to $3,051,000. PG&E revised various of its original estimates downward to the extent it believed justified by later data to eliminate issues. Such revisions do not necessarily indicate acceptance by PG&E of the staff's estimating methods. Where differences still exist, PG&E argues that staff projections should be rejected because they are based upon arbitrary disallowances and judgments unsupported by fact or logic, and PG&E's estimates should be adopted because they are reasonable projections based upon historical data and accepted estimating methods.

TURN opposes expense allowances for institutional advertising, public relations, and legislative advocacy and advocates that executive salaries and service advertising costs be limited. Our consideration and decision on each of the issues will be indicated hereinafter.

Administrative and General Expense

PG&E's 1976 test year estimates of administrative and general expense are $75,156,000 for total system electric operation and $35,275,000 for gas operation. The staff estimates are lower by $3,939,000 and $1,726,000, respectively.

The issues between PG&E and the staff occur in Accounts Nos. 920, 921, 922 of Administrative and General Salaries and Expenses; Account No. 923, Outside Services Employed; Account No. 925, Injuries and Damages; and Account No. 930, Miscellaneous General Expenses. We shall discuss each of these issues in the following paragraphs.

Administrative and General Salaries and Expenses, Accounts Nos. 920, 921, and 922

The staff's estimate of Accounts Nos. 920, 921, and 922 are lower than PG&E's by $1,810,000 (electric) and $948,000 (gas) because of the staff's (a) assumptions concerning the effect of PG&E's hiring freeze (method of estimating), (b) disallowance of executive salaries in excess of $100,000, (c) disallowance of salaries and expenses representing the non-lobbying functions of PG&E's Department of Governmental and Public Affairs in Sacramento and in Washington, D.C., disallowance of 25 percent of that department's other salaries and expenses reflecting time spent by its personnel on staff disallowed PG&E employee programs, and disallowance of 20 percent of the salaries and expenses of those PG&E employees who spent time on United Bay Area Crusade and staff disallowed public relations programs.

Method of Estimating. From the year 1974 to 1975 PG&E decreased the number of general office employees. PG&E based its estimates on the average growth from year 1970 through 1974. Such a method of estimating does not reflect the change in growth which occurred between 1974 and 1975. This record indicates that 1975 levels of employment will be continued into 1976. PG&E's argument that "Account No. 920 does not contain all General Office salaries" is not convincingly demonstrated by PG&E in this record. The investigation of the staff witness did not disclose support for PG&E's argument. We find the staff method of estimating general and administrative salaries and expenses reasonable.

Executive Salaries. In Decision No. 84902 dated September 16, 1975 the Commission disallowed executive salaries to the extent they exceeded $100,000 per year. Based on this recent decision the staff estimates are $88,000 less than PG&E's. PG&E made an extensive,uncontroverted, presentation in support of the reasonableness of the salaries it pays executives. We are convinced by applicant's showing and arguments and will not adopt the staff's adjustment of executive salaries.

Legislative Advocacy. In the discussion in Decision No. 84902 of the issue of legislative advocacy we considered the "legislative advocacy and non-legislative advocacy" of PG&E's "executive representatives", or lobbyists in Washington and Sacramento. Thereafter, we excluded allowances for legislative advocacy in our adopted A&G expense.

In this proceeding the words have changed, but the tune is the same. This time PG&E changes the phrase "non-legislative advocacy" to "non-lobbying functions" and argues that so-called above-the-line, non-lobbying activities should not be excluded. PG&E from its presentation and arguments apparently does not understand that we will not include any allowance for legislative advocacy or lobbying whether charged or not charged by PG&E as an operating expense, or classified by PG&E as a lobbying or a non-lobbying function unless PG&E demonstrates that such activities are clearly in the interest of its customers.

The staff has excluded $163,000 as representing salaries and expenses related to so-called non-lobbying functions. We will adopt the staff adjustment for legislative advocacy inasmuch as PG&E has not demonstrated which of such activities are in the interest of its customers.

Political Action Programs. The staff excluded $134,000 for political action and citizenship employee programs and other activities of the Governmental and Public Affairs Department for which reasonable need was not apparent. PG&E objects in generalities to the staff exclusion. PG&E did not clearly demonstrate the purpose and content of the programs it sponsors and it did not demonstrate how the programs benefit customers. We will adopt the staff adjustment.

Contribution of Employee Time to Charity. The staff excluded $19,000 for full-time work by employees on the United Bay Area Crusade. We see no distinction from the customers' viewpoint between monies paid PG&E employees for working on such programs and contributions made by PG&E to such programs. We will adopt the staff adjustment.

Public Relations. In Decision No. 84902 we said the following on the issue of how much public relations expense should be allowed:

> ". . . PG&E is placed on notice that it shall be the policy of this Commission henceforth to exclude from operating expenses for rate fixing purposes all amounts claimed for public relations expense for which it cannot be shown:
>
> "a. Provides normal liaison with, and channels of communication for, representatives of the press, radio, television, and other media.
>
> "b. Results in reduction of operating costs and more efficient service to the ratepayers.

"c. Encourages the more efficient operation of the utility's plant, the more efficient use of the utility's services, or the conservation of energy or natural resources, or presents accurate information on the economical purchase, maintenance, or effective use of electrical or gas appliances or devices.

"d. Presents factual discussion of specific topics dealing with plant siting, safety, and environmental impact.

"In future proceedings involving this and other utilities, we shall expect the utility to justify, and our staff to verify, public relations costs in detail and to supply, for the record, information on each aspect of the utility's public relations program so that we may make judgments regarding the reasonableness of each activity and of appropriate reasonable allowances."

PG&E, despite an extensive presentation and argument on this issue, has not demonstrated that its public relations expense does or will meet the criteria quoted above. The staff estimates exclude $467,000 for those public relations expenses not meeting the criteria. We shall adopt the staff exclusions.

Outside Services Employed

The staff estimate of Account No. 923, Outside Services Employed, is $343,000 lower than PG&E's. The total estimate provides for continuing operations at what the staff witness considered to be a reasonable operational level slightly higher than the 1974 recorded expenses. The staff eliminated allowances for types of outside services which after analysis were determined to be duplications of services available to PG&E internally, or in-house, or were determined to be of such nature or frequency they could be considered to be one-time charges or expenses. PG&E presented no analysis of the nature of the outside services involved or demonstration of the need for outside assistance. The only services explained in any detail were that of a law firm that aided PG&E in the defense of a libel suit and in PG&E's recent opposition to efforts to take over the power system in Berkeley. It does appear that the staff position is well-founded in the examples examined. Certainly PG&E has a well staffed and competent law department,and certainly it can be anticipated that PG&E will be infrequently defending libel suits and condemnation actions. Even if we should conclude that such actions are of such frequency they should be used to project estimates of future expenses, it would not be appropriate to cause customers to bear the burden of the cost of legal and political defenses clearly only in the interest of stockholders. We will adopt the staff estimate.

Injuries and Damages

The staff's estimate in Account No. 925, Injuries and Damages, is lower than PG&E's by $1,388,000. The staff witness assumed that workers' compensation and supplemental benefits could be held at 1974 levels and normalized casualty payments although these items of expense have increased every year for the past six years. The staff basis for the lower test year estimate is that PG&E should enforce more rigidly its safety programs and that workers' compensation and supplemental benefits can reasonably be held to 1974 expense levels. After considering the following comparison of estimates with the recorded totals in 1974 and 1975 of $5,611,000 and $9,120,000, respectively, we will adopt PG&E's estimate for Account No. 925:

	Year 1975 Staff (A)	Year 1975 PG&E (B)	Year 1975 Recorded (C)	Year 1976 Staff (D)	Year 1976 PG&E (E)
			(000's omitted)		
Workers' Compensation	$ 1,470	$ 1,638	$ 2,064	$ 1,470	$ 1,869
Supplemental	800	945	1,289	800	1,160
Other Casualty Payments	5,141	6,199	5,767	5,615	6,929
Gross Total	7,411	8,782	9,120	7,885	9,958
Less Construction	(2,415)	(2,862)	(3,108)	(2,570)	(3,245)

(Red Figure)

The staff witness speaks of eliminating extraordinary expenses but does not disclose the nature of the exclusions.

Miscellaneous General Expenses

In Account No. 930, Miscellaneous General Expenses, the staff's estimate is lower than PG&E's by $1,176,000. The staff's estimate is lower because it has disallowed expenses for institutional or informational advertising including electric companies' advertising program (ECAP), tour expenses, and scholarships. The ECAP advertising, according to the staff, duplicates in substance the type of advertising excluded because it did not meet the requirements set forth in Decision No. 84902. We are not impressed with PG&E's efforts to have the Commission reverse the views expressed in Decision No. 84902 and will adopt the staff's estimate.

Customer Accounts Expense

PG&E's 1976 test year estimates for customer accounts expense are $39,196,000 for electric and $31,032,000 for gas. The staff estimates are lower than PG&E's by $775,000 and by $730,000, respectively. The difference occurs in Account No. 903 and results from (a) the staff's exclusion of expenses for initial new business work, (b) the staff's exclusion of advertising expense charged to this account, and (c) differences in estimating procedures and (d) a staff reduction related to a bulk mailing discount.

The staff's exclusion of expenses for initial new business contacts appears based upon the understanding that these expenses represent little more than the costs to PG&E of obtaining plans and drawings from new customers and that the expense could be eliminated simply by requiring new customers to bring plans and drawings to PG&E. PG&E's witness pointed out that a considerable amount of time is spent in the new business area by PG&E personnel obtaining new business requirements or data that are necessary for efficient system operations. New business contacts involve more than obtaining plans and drawings from new customers. This activity involves all of the time spent by the applicable personnel from the time the initial contact is made until the personnel involved complete the requests for engineering work orders and forward them to the engineering department. During this period of time, field checks of jobs may be required for load and location data and right-of-way particulars, necessary applications and record forms must be completed, and a continuing liaison between the new customer and PG&E personnel on matters concerning rates, rules, and conservation maintained. We are not persuaded by the staff argument that other utilities spend less than PG&E without a showing that similar work is not performed or is not charged to other accounts. Our adopted results will increase the staff electric estimates by $270,000 and the gas estimates by $230,000 for this item.

The staff further reduced this account by $173,000 for electric and $122,000 for gas by eliminating advertising expense which PG&E charges to the account. As a basis for this exclusion the staff indicated that its "perusal of the advertisements indicated that more than 70 percent of the material contained in them pertained to energy conservation and, therefore, is chargeable to Account No. 916, Sales Expense". The staff witness, however, did not include the excluded amount in sales expense as conservation advertising since the $1,770,000 provided for this function appeared adequate. We wish to encourage PG&E to increase its conservation efforts. We will not adopt the staff adjustments.

The staff further reduced this account to $230,000 for electric and $290,000 for gas by using a different estimating method from that employed by PG&E. PG&E argues that when estimates for year 1975 are compared with the recorded expense for that year it appears that PG&E's year 1976 estimate should be adopted. PG&E's 1975 electric estimate is $131,000 less than the recorded number, whereas the staff's 1975 estimate is $303,000 below recorded. The results in the gas department are similar: PG&E's gas estimate is $143,000 less than the recorded 1975 estimate, whereas the staff estimate is $358,000 less. Considering other increases we have made in the staff estimates for this account, PG&E's argument does not now appear valid and we will adopt the staff adjustments for this item.

Since the staff in its brief accepted as reasonable PG&E's estimate of the expense of mailing customer bills, we will not include the staff electric adjustment of $102,000 and gas adjustment of $88,000 for the effective date of the bulk mailing discount.

Sales Expense

PG&E's 1976 test year estimate of sales expense is $5,004,000 for the electric department. The staff estimate is lower than PG&E's by $246,000, as a result of the exclusion of expenses for curtailment contacts in Account No. 912, Demonstration and Selling. The staff did not expect that there would be any electric energy curtailment during the test year 1976 or the year following. The activities represented by this expense also include customer originated contacts regarding rate increases and service related problems and PG&E originated contacts regarding rates and new rate designs. In 1974, for example, these activities included handling inquiries pertaining to, and administration of, the Commission ordered Rule 14.1, "Prohibitions and Curtailment Provisions" of PG&E's electric rules. Based on the number of customer service and rate inquiries during the last six months of 1975, it is estimated that more than 90,000 similar inquiries will be made to PG&E personnel during 1976. PG&E agrees that curtailment inquiries have lessened; however, service and rate inquiries are expected to increase.

We will not adopt the staff's adjustment of sales expense.

<u>Electric Customers, Sales, and Revenues</u>

PG&E's data regarding electric customers, sales, and revenues, 1974 recorded and adjusted, 1975 and 1976 estimated, appear in Exhibit No. 6. After PG&E had filed the original application on February 25, 1975, it subsequently filed its amended application on October 16, 1975. Thereafter staff made its estimates for the test year, using recorded data through October 1975 (Exhibit No. 31). Staff arrived at estimates of electric sales and, consequently, revenues, which were below those of the utility. PG&E has accepted the staff's estimates of customers, sales, and revenues. Dept. of Defense presented testimony in support of higher test year sales and revenues for domestic service and for small, medium, and large light and power service.

The Dept. of Defense witness testified that conservation efforts are being abandoned by the domestic class and that domestic class revenues will be $17,366,000 higher than that estimated by the staff. In estimating domestic sales, the witness increased the staff's domestic sales estimate, which already embodies more than 5 percent for growth over 1975, by an additional 4 percent for growth. The additional 4 percent appears to have been based on staff testimony that "after review of the latest data in the residential class, the staff believes additional conservation efforts are required by the residential customers to obtain sales levels estimated by the staff" and that if the staff estimate had been redone on April 9, 1976, the average residential use per month per kilowatt-hour and total residential sales would be 4 percent higher. For small light and power (Schedules A-1 through A-5) the Dept. of Defense urges that PG&E's original estimate is more appropriate than the staff's. For medium and large light and power, the Dept. of Defense urges that amounts halfway between the PG&E and staff estimates be adopted.

We have reviewed carefully the testimony and cross-examination of witnesses Russell, Reed, and Kirchem. Particularly illuminating are the trend charts of customer months, customers, kilowatt-hours per customer, and sales contained in Exhibits 69 and 75. Such information is always helpful in evaluating the estimates of experts based on varying assumptions. For instance, the domestic trend chart in Exhibit 69 clearly demonstrates that while average number of customer months and average customers has steadily increased since 1971, a sharp drop in the measure of usage (kilowatt-hour per customer month) occurred in 1973-1974 with some recovery and leveling off in the past year. Whether this decrease in usage is due to conservation, price changes, inflation, or other factors cannot be determined from this record. Despite the small scale of the trend chart, the 1976 first quarter increase in domestic use cited by Dept. of Defense in support of its estimates is apparent.

Nevertheless, our evaluation of the 1975 and 1976 data depicted on the trend charts in Exhibits Nos. 69 and 75 persuades us that the staff estimates of electric sales and revenues are reasonable and will be adopted.

Power Plant Production Expense

PG&E's 1976 test year electric production expense estimate is $292,322,000. The staff estimate is $1,399,000 lower than PG&E's as a consequence of lower staff estimates in operation and maintenance expenses for Potrero Generating Units Nos. 1 and 2 and for Kern Power Plant. This issue appears moot by virtue of Decision No. 85731 on the energy cost adjustment. We will adopt PG&E's estimate.

Electric Distribution Expenses

PG&E's 1976 test year estimate of electric distribution expense is $103,333,000. The staff estimate is $7,552,000 lower than PG&E's because of lower staff estimates of Account No. 586.0, Meter Expenses ($3,055,000); Account No. 587.8, Radio and T.V. Interference ($66,000); Account No. 588, Miscellaneous Distribution Expenses ($1,860,000); Account No. 588.6, Distribution Maps and Records ($214,000); Account No. 593.70, Maintenance of Line Equipment ($212,000); Account No. 593.73, Tree Trimming ($490,000); Account No. 593.74; Vegetation Control ($72,000); and Account No. 594.0, Maintenance of Underground Lines ($1,583,000).

Meter Expenses

The staff investigated meter expense and made cost comparisons with other large electric utilities in California. Analysis of meter expenses for other utilities revealed that the amounts requested by utilities for the test year 1976 were as follows:

Utility	Application No.	$/Meter/Year
SDG&E	55627	$1.56
SCE	54946	1.62
PG&E	55509	2.75

The table above indicates that PG&E projects meter expenses higher than the other utilities. The staff report states that the utility contends that the recent high expenses were caused by the cost of conversion from manual record keeping to automatic data processing. The staff maintains that the conversion cost cannot be treated as a perpetual one, as is indicated by the utility's trending method, and that the estimate should reflect other utilities' experience. It is the staff's position that the utility be allowed a maximum of $1.75 per meter for the test year 1976.

PG&E has not convincingly demonstrated why its meter expenses are reasonable. We shall adopt the staff estimate.

Radio and TV Interference

PG&E should minimize radio and TV interference from its transmission and distribution system. The staff recommendation would tend to decrease this service to customers. We will adopt the PG&E estimate.

Miscellaneous Distribution Expenses

The staff witness testified that miscellaneous expense has shown a phenomenal growth between the year 1970 and projected year 1976. The staff did not accept the utility's trend because this account, at its present level and nature, needed a more rigorous analysis. The staff witness did analyze the account and is of the opinion that, unlike other accounts, it does not relate significantly to system growth. The utility did not offer any plausible reason why the account has increased dramatically other than to suggest labor increases. The staff witness notes that other utilities' expenses for this account are significantly less than

PG&E's for the test year 1976. The staff witness is of the opinion that liberal use of this account for imputing expenses could result in abuse. No convincing showing was made of the reasonableness of the recorded expenses other than they were largely labor. What was not demonstrated was the function of the labor recorded. We will adopt the staff adjustment.

Distribution Maps and Records

The staff witness estimated expense of distribution maps and records at a lower level than PG&E to reflect his opinion of the need and the feasibility of automating the process of map updating in the operating divisions. It appears appropriate that PG&E should review this recommendation, timely implement it prior to the next general rate case, or be prepared to demonstrate the reasonableness and economy of its operations. We shall not adopt the staff adjustment for this item at this time.

Maintenance of Line Equipment

The staff witness testified that maintenance of line equipment expense has shown a marked increase during the past five years and that no plausible explanation was offered by the utility of why the increases are significant. The staff has normalized the recorded amount and trended it. Again, PG&E has not convincingly demonstrated that past recorded expenses are reasonable, essential to public service, and representative of expenditures that necessarily must be made in the future. We will adopt the staff estimate.

Tree Trimming

Tree trimming is usually let out on a contract. The staff witness recommends that the utility direct the contractor to apply growth retardant chemicals wherever any cutting is done, and perform as many small trimming jobs as possible with its own labor force. The staff reduction in expenses reflects the implementation of the above considerations. We are not prepared to require the use of growth retardant chemicals without an adequate record on the impact on the environment. We will not adopt this staff recommendation.

Vegetation Control

Vegetation control reflects a considerable amount of work which is usually let out on a contract basis to independent contractors. In recent years, the price of these contracts has been going up substantially; and, in view of the fact that the type of work involved is not overly specialized and could be performed by PG&E personnel, and of the fact that up to 40 percent of this price represents contractors' overhead, taxes, and profits, the staff witness is of the opinion that this work could and should be done more economically by PG&E personnel. Without further study of the staffing and economics of the proposed in-house work we are not inclined to accept this proposed adjustment. Before the next major rate case, PG&E should make an adequate study of this staff proposal and be prepared to justify its estimate of expense for this item.

Maintenance of Underground Lines

An analysis by the staff was made for maintenance of underground lines and services. The amounts requested by utilities for the test year 1976 were as follows:

Utility	Application No.	$/KM of UG Line/Yr.
SCE	54946	$414
SDG&E	55627	418
PG&E	55509	696

Again, PG&E's expenses are higher than the other utilities, and no adequate explanation was offered of why this is so. The staff is of the opinion that the utility should be allowed $418 per KM of underground line for the test year 1976.

At the request of PG&E the staff witness also made the following comparison shown in Exhibit No. 70:

Utility	City	Miles of UG Lines*	Sq. Mi.	Cost Acct. 594 ($000)	$/Mile	$/Sq.Mi.	Miles of Lines/Sq.Mi.
PG&E	San Francisco	454	45.4	1,472	3,242	32,423	10.0
SDG&E	San Diego	714	100.0	360	540	3,600	7.14
SCE	Long Beach**	151	34.7	140	927	4,035	4.35

*Trench miles.

**An unusual system of 120v/208v with higher average maintenance costs than other systems in SCE's service area.

PG&E argues that the systems are not comparable. In support of this thesis, a PG&E witness testified that one utility includes empty conduit in tabulating conduit bank miles while PG&E does not. No showing was made of the magnitude of this factor. Such generalized arguments are not persuasive when considering differences of the magnitudes tabulated above. We will adopt the staff estimate.

Gas Transmission Expense

PG&E's 1976 test year gas transmission expense estimate is $19,742,000. The staff estimate is lower than PG&E's by $124,000. This difference exists because of the differences between PG&E and the staff in estimating the expense in Account No. 864, Maintenance of Compressor Equipment. PG&E based its estimate on a five-year historical average, whereas the staff estimated part of the account using a seven-year historical average and another part of the account using a ten-year historical average. We are not persuaded by expert witnesses who support their choice of periods by little more than "judgment". PG&E has not placed in this record the recorded data for the periods under consideration, explained variations from year to year, and convincingly demonstrated why its choice is most representative of the future. It appears the staff witness made a more detailed analysis. We shall adopt the staff estimate.

Gas Distribution Expense

The staff estimate of gas distribution expense is lower than PG&E's by $471,000. The primary reason for the difference between PG&E and the staff witness is the staff witness' expectation of a reduction in the expense of maintenance as a consequence of PG&E's cathodic protection program. The staff relied on the 1975 recorded decrease in expenditures for corrosion leak repairs amounting to $485,000 and the current cathodic protection program being equal or more than the year 1975 to support its estimate. We are reluctant to accept the explanation for the decrease in expenditures as flowing from PG&E's increasing the number of miles of pipeline system under cathodic protection each year. The benefits of a cathodic protection program are spread over an extended period of time to combat the insidious electrolytic effects of ground currents. Without a more definite showing, a more plausible explanation is that a change occurred in maintenance techniques and practices. This record does not contain an adequate showing of past recorded expenses so that we can judge the trend, nor does it include an adequate explanation for the decrease. Nevertheless, based on 1975 recorded results, which may most nearly reflect future operations, we shall adopt the staff estimate.

Construction Work in Progress

In these applications PG&E proposes to include $400 million of nonoperative construction work in progress (CWIP) in electric rate base, $3 million of CWIP in gas rate base, and $5 million of CWIP in common utility plant, for total additions of $408 million to 1976 test year rate base, and to discontinue the current practice of adding an allowance for funds used during construction (AFDC). In support of its proposal to include CWIP in rate base, PG&E offered testimony that inclusion of CWIP in rate base would (a) provide additional cash in current earnings, (b) improve the "quality" of earnings, and (c) reduce external financing requirements.

There was no disagreement between applicant and staff about the benefits of including CWIP in rate base. In Exhibit No. 38 the staff financial witness agreed that the added cash flow resulting from CWIP in rate base would improve quality of earnings, reduce the amount of financing required, improve bond interest coverage, eliminate phantom income taxes[2/] that result from the present practice of allocating bond interest "above and below the line", and help to maintain security ratings.

The primary question, then, is not whether inclusion of CWIP in rate base would benefit applicant but:

(a) Whether the benefits for the utility are significant when compared to the added costs for ratepayers, and

(b) Whether PG&E has demonstrated a real need to adopt this method of financing.

Inclusion of $408 million of CWIP in 1976 test year rate base at applicant's requested rate of return of 10.1 percent would require additional gross revenues of $87.7 million and would produce an additional cash flow of $41.2 million for the utility. When this additional cash flow of $41.2 million is compared with its external

2/ Phantom income taxes are allowances in utility rate proceedings for income taxes that are never paid to state and federal governments.

financing requirements of $389 million for 1976, and $252 million for 1977, it is evident that inclusion of CWIP would impose a substantial additional burden on the customers, but that it would result in only a minor reduction in applicant's external financing requirements.[3/]

Exhibit 38, Table II, shows that internally generated funds as a percentage of construction expenditures will increase from 31.9 percent in 1975 to 38.3 in 1976, and to 56.9 in 1977 without inclusion of CWIP in rate base. These percentages compare favorably with internally generated funds in immediately prior years, which ranged from 39.9 percent in 1971 to 31.6 percent in 1974. It is clear, therefore, that applicant has made no convincing showing of a need to utilize CWIP in rate base as a method of increasing internally generated cash flow. Accordingly, applicant's request to include $408 million of CWIP in 1976 in test year rate base will not be granted.

The staff offered two different suggestions for inclusion of CWIP in rate base if the Commission should wish to depart from its long-standing practice of compensating applicant for the financing costs of plant under construction through an allowance for funds during construction.

The Utilities Division recommended that in such circumstances the definition of "used and useful" plant be expanded to include distribution, general, and common plant with construction periods of less than two years, and environmentally required additions to production plant. The total dollar amount of CWIP to be included in rate base under this alternative would be $77.6 million of electric plant and $12.8 million of gas plant.

3/ Exhibit 38, Table V, shows that there would be less than a 2 percent change in the percentage of internally generated funds to construction expenditures in 1976, 5.12 percent in 1977, and 1.14 percent in 1978.

The Finance and Accounts Division recommended that if, contrary to its recommendation, CWIP is included in rate base for test year 1976 to improve cash flow and interest coverage, that the amount be limited to $300 million, so as to assure that CWIP in rate base would not exceed plant construction levels in future years. The staff financial witness further suggested that under the circumstances the rate of return on CWIP in rate base be limited to the AFDC percentage that the utility otherwise would be permitted to capitalize, to provide incentive for applicant to complete construction projects as expeditiously as possible.

We see no logic in a proposal to expand the definition of "used and useful" plant to include CWIP in rate base. We agree that if CWIP were to be included that the amount should be large enough to result in a significant reduction in the need for external financing. We also see merit to the proposal to allow a rate on CWIP somewhat less than the authorized rate of return, in order to give some recognition to the difference between plant under construction and plant in service, and to provide added incentive for swift completion of construction projects. We add these remarks because, although applicant has not persuaded us that CWIP should be included in rate base at this time, the sheer magnitude of applicant's construction program may make this practice desirable in future years.

While denying CWIP in rate base, we recognize that timely inclusion in rate base of significant additions to plant is a subject that is not well suited to current ratemaking procedures. Accordingly, we propose to consider the addition of Diablo Canyon in conjunction with an ECAC proceeding at the proper time. We invite interested parties to comment as to how we might devise a procedure appropriate for all utilities.

We are disturbed by this example of how various presentations of the results of operations can cause wide variations in the estimates of the effects of present and proposed rates and upon which we and the courts rely to test the reasonableness of rates charged for utility service. It is essential that results of operations accurately reflect, to the best of all of our abilities, what most probably will be the actual future revenues, operating expenses, taxes, and cost of capital. This problem is always with us in regulation,but the format and contents of the results of operations merit intensive study.

Because of differences among utilities in their financial structures, percentages of internally generated funds, access to capital markets, and other circumstances, we do not intend to imply that denial of CWIP in rate base for applicant at this time is necessarily applicable to other utilities.

We recognize that with the unprecedented demands for new capital presently confronting utilities that they are obliged to seek new and different methods of financing, including customer participation in raising funds for plant construction. At the same time, we have a continuing concern that because of the impact of income taxes that proposals such as inclusion of CWIP in rate base require more than $2 of added revenues from customers for each dollar of additional cash flow finally made available to the utility. We urge applicant to carefully explore all methods of customer participation in meeting financing needs that will eliminate this "two-to-one" tax effect.

Accounting Recommendations

The staff made a number of accounting recommendations which have been reviewed by PG&E. Exhibit No. 63 sets forth PG&E's acceptance of the staff recommendation or counterproposals which are acceptable to the staff. We shall require PG&E to comply with the accounting agreements set forth in Exhibit No. 63.

Findings

1. A reasonable rate of return to be applied to the rate bases of PG&E's electric department (California jurisdictional) and gas department is 9.20 percent.

2. A 9.20 percent rate of return on that portion of PG&E's rate base ascribed to this Commission's jurisdiction would yield 12.83 percent on common equity and provide interest coverage of 2.61 times after income taxes.

3. At present rates and rates authorized herein, reasonable estimates of PG&E's electric department results of operations, which the Commission adopts for the 1976 test year, are as follows:

ADOPTED ELECTRIC RESULTS OF OPERATION
YEAR 1976 ESTIMATED

Item	Present Rates Total System	Present Rates CPUC Jurisdiction	Authorized Rates CPUC Jurisdiction
	(Dollars in Thousands)		
Operating Revenues	$1,147,691	$1,113,500	$1,219,527
Operating Expenses			
Production	292,322	279,856	279,856
Transmission	17,080	13,427	13,427
Distribution	96,623	96,356	96,356
Customer Accounts	41,770	41,761	41,999
Sales	5,004	5,004	5,004
Administrative & Gen.	72,214	70,929	70,929
Franchise Requirement	7,291	7,179	7,798
Wage Adjustment	(2,460)	(2,424)	(2,424)
Depreciation	152,033	148,306	148,306
Taxes Other Than Income	103,169	99,961	99,961
Income Taxes	48,593	49,852	105,256
Total Oper. Exp.	833,639	810,207	866,468
Net Revenue	314,052	303,293	353,059
Rate Base	3,990,169	3,846,638	3,837,676
Rate of Return	7.87%	7.88%	9.20%

(Red Figure)

4. At present rates and rates authorized herein, reasonable estimates of PG&E's gas department results of operation, which the Commission adopts for the 1976 test year, are as follows:

ADOPTED GAS RESULTS OF OPERATION
YEAR 1976 ESTIMATED

Item	Present Rates	Authorized Rates
	(Dollars in Thousands)	
Operating Revenues	$1,239,570	$1,310,005
Operating Expenses		
Production	922,454	922,454
Storage	1,968	1,968
Transmission	19,618	19,618
Distribution	50,354	50,354
Customer Acct.	33,232	33,940
Marketing	3,610	3,610
Administrative & General	41,962	42,179
Wage Adjustment	(1,325)	(1,325)
Depreciation	47,416	47,416
Taxes Other Than Income	35,208	35,208
State Corp. Franchise Tax	2,590	8,846
Federal Income Tax	5,347	35,709
Total Operating Expenses	1,162,434	1,199,977
Net Revenues	77,136	110,028
Rate Base	1,200,132	1,196,016
Rate of Return	6.43%	9.2%

(Red Figure)

5. The electric rate increases authorized herein will increase electric gross operating revenues in the test year by $106,027,000, or 9.5 percent, excluding fuel clause revenues.

6. The electric rate increases authorized herein will increase test year electric gross operating revenues $154,706,000 less than the $260,733,000 requested by PG&E at the conclusion of the first phase of this proceeding.

7. The gas rate increases authorized herein will increase gas gross operating revenues in the test year by $70,435,000, or 5.7 percent.

8. The gas rate increases authorized herein will increase test year gas gross operating revenues $26,346,000 less than the $96,781,000 requested by PG&E at the conclusion of the first phase of this proceeding.

9. The electric and gas rate increases authorized herein will produce under test year assumptions 49 percent of the gross revenue increase requested by PG&E at the conclusion of the first phase of this proceeding and 38 percent of the gross revenue increase requested by PG&E with the filing of the amended applications.

10. It is not reasonable to grant PG&E's request to include in the electric and gas rate bases nonoperative construction work in progress.

11. It is reasonable for this interim decision to include in base rates an allowance for fuel and purchased energy in the amount of .408 cents per kilowatt-hour of sales, as contained in PG&E's Energy Cost Adjustment Clause filed in accordance with Decision No. 85731 in Case No. 9886. Modification of base energy costs to be included in base rates will be considered in the second phase.

12. The interim increases in rates and charges authorized by this decision are justified and reasonable; the present rates and charges, insofar as they differ from those prescribed by this decision, are, for the future, unjust and unreasonable.

13. It is reasonable that PG&E comply with the staff accounting recommendation set forth in Exhibit No. 27 and as modified by Exhibit No. 63.

<u>Conclusions</u>

1. PG&E's requests for increased electric and gas rates should be authorized to the extent hereafter ordered.

2. PG&E shall be required to comply with staff accounting recommendations, as modified.

INTERIM ORDER

IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized to file with this Commission on or after the effective date of this order, in conformity with the provisions of General Order No. 96-A, revised tariff schedules with rates, charges, and conditions modified as set forth in Appendices D, E, and F attached to this order and, on not less than three days' notice to the public and to the Commission, to make the revised tariffs effective.

2. Pacific Gas and Electric Company shall comply with the accounting recommendations as set forth in the above findings. Such compliance shall be effected by December 31, 1976 and a report of compliance be filed with the Commission by December 31, 1976.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 24th day of AUGUST, 1976.

[illegible]
President

William Symons Jr.

Vernon L. Sturgeon

Robert Batinovich
Commissioners

I will file a separate dissent and concurrence
Leonard Ross Commissioner

I concur + dissent in part.
I dissent to any increase in executive salaries.
And register strong opposition to the rate spread. A greater share of this increase should be borne by the large industrial customers. They have the opportunity to conserve the most.
Robert Batinovich
Commissioner

APPENDIX A

LIST OF APPEARANCES

Applicant: Malcolm H. Furbush, Robert Ohlbach, and Kermit R. Kubitz, Attorneys at Law, for Pacific Gas and Electric Company.

Protestants: George R. Gilmour, Attorney at Law, and Sylvia M. Siegel, for Toward Utility Rate Normalization; N. S. Waltenspiel, for Windsorland Mobile Park and Russian River Gas Company; Jeffrey M. Haney, Deputy City Attorney, for the City of Oakland; Leroy L. Vukad, for Contra Costa County; and G. Sarkar, for the City of San Jose.

Interested Parties: Frank J. Dorsey and Robert L. Leslie, Attorneys at Law, for Consumer Interests of the Executive Agencies of United States; Thomas J. Graff, Attorney at Law, for Environmental Defense Fund; Norman Elliot and John W. McClure, Attorneys at Law, for Committee to Protect California Economy; Brobeck, Phleger & Harrison, by Gordon E. Davis and William H. Booth, Attorneys at Law, for California Manufacturers Association; William H. Edwards and William L. Knecht, Attorneys at Law, for California Farm Bureau Federation; Thomas M. O'Connor, City Attorney and Robert R. Laughead, for the City and County of San Francisco; Morrison & Foerster, by Charles R. Farrar, Jr., and Thomas R. Cochran, Attorneys at Law, for Kerr-McGee Chemical Corporation; Alan Bruce, for the Town of San Anselmo; H. W. Cammack, for the City of Oakland; Vaughan, Paul & Lyons, by John G. Lyons, Attorney at Law, for Stuart Morshead; James F. Sorensen, for Friant Water Users Association, North San Joaquin Water Conservation District; Silver, Rosen, Fischer & Stecher, by John Paul Fischer, Attorney at Law, Edward Mrizek, Edward Aghjayan, George Thacher, and Robert T. Kyle, for the City of Palo Alto; Vernon Bown, Attorney at Law, for May 1st Workers Organization; Athearn, Chandler & Hoffman, by Donald H. Maffly, Attorney at Law, for Judson Steel Corporation; Gail Hamaker, for Santa Clara Valley Coalition; A. A. Zavala, Attorney at Law, for Department of Consumers Affairs; Edward V. Sherry, for Air Products & Chemicals, Inc.; Daniel J. Reed, for Department of Defense; David N. Valkenaar, for the City of Campbell; Kenneth J. Hedstrom, for State of California Department of Water Resources; and Carl H. Mandler, for himself.

Commission Staff: Elinore C. Morgan, Attorney at Law, K. K. Chew, and Donald Houck.

PACIFIC GAS AND ELECTRIC COMPANY
ELECTRIC DEPARTMENT
RESULTS OF OPERATIONS - ESTIMATED YEAR 1976
COMPARISON OF PG&E AND CPUC STAFF ESTIMATES
(000's Omitted)

	PG&E Original Exhibit 6 Page 15-3 (A)	Staff Exhibit 61 Table 13-A (2nd Revision)(a) (B)	PG&E Revised (C)	PG&E Revised Exceeds Staff (2nd Revision) (D)=(C)-(B)
Gross Operating Revenues	$1,525,034	$1,147,691	$1,147,691	$ -
Operating Expenses				
Production	707,287	290,923(a)	292,322	1,399(b)
Transmission	17,620	17,080	17,080	-
Distribution	104,950	95,781	103,333	7,552(c)
Customer's Accounts	40,000	38,421	39,196	775(d)
Uncollectibles	3,806	2,531(a)	2,531	-
Sales	5,004	4,758	5,004	246(e)
Administrative & General	75,130	71,217	75,156	3,939(f)
Franchise Requirements	9,894	6,580(a)	6,580	-
Wage Increase	-	(2,460)(a)	(2,460)	-
Total Exp. Excluding Taxes and Depr.	963,691	524,831	538,742	13,911
Taxes				
Property	95,727	89,299	89,299	-
Payroll and Business	10,295	11,578	11,578	-
State Corp. Franchise	3,585	14,622(a)	12,092	(2,530)(g)
Federal Income	(10,907)	40,292(a)	28,016	(12,276)(g)
Total Taxes	98,700	155,791	140,985	(14,806)
Depreciation	160,348	152,033(a)	152,033	-
Total Oper. Exp.	1,222,739	832,655	831,760	(895)
Net for Return	302,295	315,036	315,931	895
Rate Base	4,657,692	3,988,453(a)	4,391,731	403,278(h)
Rate of Return	6.49%	7.90%	7.19%	(.71)%

(Red Figure)

(a) Modified to include (1) base cost of energy, franchises, and uncollectibles in accordance with Energy Cost Adjustment Clause procedures established by Advice Letter No. 536-E, effective May 4, 1976, pursuant to Decision No. 85731 dated April 27, 1976, (2) provision for an 8½ percent wage increase, (3) income taxes for 1 and 2 and for an additional amount of repair allowance in accordance with Internal Revenue News Release IR-1580, March 24, 1976, which increased statutory limits for repair allowance, (4) correction for Diablo Canyon Book depreciation exclusion, and (5) rate base for a change in deferred investment tax credit resulting from 3. The CPUC staff has indicated it concurs with these revisions which result from circumstances subsequent to direct and cross-examination testimony of Company and CPUC staff witnesses. A wage increase of 10 percent or $16,399,000 was included by both PG&E and the CPUC staff in the preparation of their respective estimates. The staff originally then made a lump sum elimination of the wage increase. With this exhibit, 1½ percent wage increase or $2,460,000 is eliminated and the balance of 8½ percent or $13,939,000 is included. Both PG&E and staff concur in this inclusion. PG&E has offered to its union represented employees revised contracts which include this 8½ percent wage increase retroactive to January 1, 1976. The International Brotherhood of Electrical Workers (IBEW)-Clerical Unit has ratified the contract. The IBEW-Physical Unit has rejected the Company's offer but PG&E has asked it to reconsider its rejection. The Engineers and Scientists of California (ESC) bargaining committees have not brought a contract to their membership for ratification. The IBEW-Physical Unit members' and ESC members' portions at 8½ percent amount to $8,288,000 for electric operation. In any event, PG&E will continue to advise the Commission and Examiner Coffey of the status of ratification. Each one-half percentage point change in wage increase for electric operation is equal to $408,000 and $80,000 for the IBEW-Physical Unit and ESC Unit, respectively.

(b) The staff maintenance and operation production expense estimate is lower by $1,399,000. The reasons are:

(1) $1,014,000 - Potrero Power Plant Units Nos. 1 and 2 retirement, Transcript pages 1330-1333, 2289, and 2290.

(2) $385,000 - Kern Power Plant to cold standby, Transcript pages 1336-1338, 2292, and 2293.

(c) The staff's distribution expense estimate is $7,552,000 lower than PG&E's. The reasons are:

(1) $3,055,000 - CPUC Account No. 586; Meter Expenses.
Reason: Difference is due to staff's utilization of comparison with other California utilities to estimate PG&E's expenses.
Exhibit No. 31, page 5-2.
Transcript pages 2319-2327.

(2) $66,000 - CPUC Account No. 587.8; Service Complaints - Radio and TV Interference.
Reason: Due to difference between staff and PG&E methods of estimating.
Transcript pages 2314-2318.

(3) $1,860,000 - CPUC Account No. 588; Miscellaneous Distribution Expenses.
Reason: Due to difference between staff and PG&E methods of estimating.
Exhibit No. 31, page 5-3.
Transcript page 2327.

(4) $214,000 - CPUC Account No. 588.6; Distribution Maps and Records.
Reason: Due to difference between staff and PG&E methods of estimating.
Exhibit No. 31, page 5-1.
Transcript pages 2318 and 2319.

(5) $212,000 - CPUC Account No. 593.70; Maintenance of Line Equipment.
Reason: Due to difference between staff and PG&E methods of estimating.
Exhibit No. 31, page 5-3.

(6) $490,000 - CPUC Account No. 593.73; Tree Trimming.
Reason: Due to difference between staff and PG&E methods of estimating.
Exhibit No. 31, page 5-4.
Transcript pages 2327-2334.

(7) $72,000 - CPUC Account No. 593.74; Vegetation Control.
Reason: Due to difference between staff and PG&E methods of estimating.
Transcript pages 2327-2334.

(8) $1,583,000 - CPUC Account No. 594 (PG&E 654); Maintenance of Underground Lines.
Reason: Same as (1) above.
Exhibit No. 31, page 5-2.

(d) The staff's customers accounts expense estimate is lower by $775,000. The reasons are:

(1) $673,000 - CPUC Account 903; Customer Contracts and Orders.
$270,000 - Exclusion of expenses for initial new business contacts.
Transcript pages 1381-83, 1733-34, 2205.
$173,000 - Exclusion of advertising expense.
Transcript pages 2360-68.
$230,000 - Difference in estimating procedures.
Exhibit No. 31, page 6-1.

(2) $102,000 - CPUC Account 903 Mailing Customer Bills.
Difference in effective date of Customer Bills bulk mailing discount.
Transcript pages 2368-70.

(e) The staff's sales expense estimate is $246,000 lower than PG&E's. The reason is:

$246,000 - CPUC Account No. 912; Demonstrating and Selling. Staff disallowed part of Marketing Service Expense. Exhibit No. 31, page 7-2.

(f) The staff's administrative and general expense estimate is $3,939,000 lower than PG&E's. The reasons are:

(1) $1,810,000 - CPUC Accounts Nos. 920, 921, and 922; Administrative and General Salaries and Expenses.

Reasons

a. $1,233,000 - Due to difference between staff and PG&E methods of estimating.
Transcript pages 690, 693, 697-708, 720-735, 2465-71.

b. $309,000 - Due to staff exclusion of Public Relations Expenses.
Exhibit No. 31, page 8-2.
Transcript pages 2476-2481.

c. $89,000 - Due to staff exclusion of Governmental and Public Affairs Department Expenses. Exhibit No. 31, page 8-2. Transcript pages 2471-2476.

d. $13,000 - Due to staff exclusion of Sponsored Executive Program (UBAC). Exhibit No. 31, page 8-2.

e. $58,000 - Due to staff exclusion of Executive Salaries. Transcript pages 554-558, 586-604.

f. $108,000 - Due to staff exclusion of Legislative Advocacy Expenses. Transcript pages 527-553, 2472, 2960-2981.

(2) $227,000 - CPUC Account No. 923; Outside Services Employed.

Reasons

a. $187,000 - Due to staff contention of duplication. Transcript pages 2913-21.

b. $40,000 - Due to staff method of normalizing. Transcript pages 2913-21.

(3) $997,000 - CPUC Account No. 925; Injuries and Damages.

Reasons

a. $632,000 - Due to difference between staff and PG&E estimating techniques for Casualty Payments. Exhibit No. 31, page 8-3.

b. $365,000 - Due to difference in assumptions about Workers' Compensation payments. Exhibit No. 31, page 8-3. Transcript pages 2924-32.

(4) $905,000 - CPUC Account No. 930; Miscellaneous General Expenses.

Reasons

a. $461,000 - Due to staff exclusion of Institutional Advertising Expenses. Transcript pages 802, 815-6, 2479, 2938-57.

b. $77,000 - Due to staff exclusion of ECAP. Transcript pages 1847, 2478.

c. $70,000 - Due to staff exclusion of Scholarships. Transcript page 2477.

d. $297,000 - Due to staff exclusion of Inspection of Company Projects Expenses. Transcript pages 780, 811.

(g) The staff's income tax expense estimates are $2,530,000 and $12,276,000 for state and federal, respectively, higher than PG&E's. The reasons are:

	Expense Line 11	Bond Interest On Non-Op. CWIP in Rate Base	Total
Expense Deduction	$13,911,000	$14,195,000	$ 28,106,000
State Tax at 9%	(1,252,000)	(1,278,000)	(2,530,000)
Federal Tax Deduction	$12,659,000	$12,917,000	$ 25,576,000
Federal at 48%	$(6,076,000)	$(6,200,000)	$(12,276,000)

(h) The staff's rate base is $403,278,000 lower than PG&E's. The reason is the staff's exclusion of non-operative construction work in progress in Rate Base, Exhibit No. 4, page 1-5, et seq.; and page 2-4, Exhibits Nos. 36, 38, and 39.

PACIFIC GAS AND ELECTRIC COMPANY
ELECTRIC DEPARTMENT - CPUC JURISDICTIONAL
RESULTS OF OPERATIONS - ESTIMATED YEAR 1976
COMPARISON OF PG&E AND CPUC STAFF ESTIMATES
(000's Omitted)

	PG&E Original Exhibit 6 Page 15-4 (A)	Staff Exhibit 61 Table 2-A (2nd Revision) (B)	PG&E Revised (C)	PG&E Revised Exceeds Staff (2nd Revision) (D)=(C)-(B)
Gross Operating Revenues	$1,469,515	$1,113,500	$1,113,500	$ -
Operating Expenses				
Production	671,285	277,654	278,991	1,337
Transmission	13,851	13,427	13,427	-
Distribution	104,683	95,514	103,066	7,552
Customer's Accounts	39,991	38,412	39,187	775
Uncollectibles	3,806	2,531	2,531	-
Sales	5,004	4,758	5,004	246
Administrative & General	73,793	69,966	73,818	3,852
Franchise Requirements	9,782	6,468	6,468	-
Wage Increase	-	(2,424)	(2,424)	-
Total Exp. Excluding Taxes and Depr.	922,195	506,306	520,068	13,762
Taxes				
Property	92,595	86,556	86,556	-
Payroll and Business	10,130	11,218	11,218	-
State Corp. Franchise	3,834	14,683	12,241	(2,442)
Federal Income	(8,772)	41,578	29,772	(11,806)
Total Taxes	97,787	154,035	139,787	(14,248)
Depreciation	156,417	148,458	148,458	-
Total Oper. Exp.	1,176,399	808,799	808,313	(486)
Net for Return	293,116	304,701	305,187	486
Rate Base	4,490,149	3,844,983	4,233,629	388,646
Rate of Return	6.53%	7.92%	7.21%	(.71)%

(Red Figure)

APPENDIX C

PACIFIC GAS AND ELECTRIC COMPANY
GAS DEPARTMENT
RESULTS OF OPERATIONS - ESTIMATED YEAR 1976
COMPARISON OF PG&E AND CPUC STAFF ESTIMATES
(000's Omitted)

	At Present Rates			
	PG&E Original Exhibit 13 Page 17-3 (A)	Staff Exhibit 61 Table 14-A (2nd Revision)(a) (B)	PG&E Revised (C)	PG&E Revised Exceeds Staff (2nd Revision) (D)=(C)-(B)
Gross Operating Revenues	$1,186,339	$1,239,570	$1,239,570	$ -
Operating Expenses				
Production				
Natural Gas Purchased	895,538	929,435	929,435	-
Natural Gas Used by Gas Department	(9,250)	(9,267)(a)	(9,267)	-
Other Production Expenses	2,286	2,286	2,286	-
Total Production	888,574	922,454	922,454	-
Storage	1,976	1,968	1,968	-
Transmission	20,227	19,618	19,742	124(b)
Distribution	53,448	50,354	50,825	471(c)
Customer Accounts	31,750	30,302	31,032	730(d)
Uncollectibles	2,372	2,490	2,490	-
Sales Expense	3,610	3,610	3,610	-
Admin. and Genl.	36,915	33,549	35,275	1,726(e)
Franchise Requirements	7,644	8,022	8,022	-
Wage Increase	-	(1,325)(a)	(1,325)	-
Total Exp. Excluding Taxes and Depr.	1,046,516	1,071,042	1,074,093	3,051
Taxes				
Property	30,829	29,349	29,349	-
Payroll	5,209	5,859	5,859	-
State Corp. Franchise	(168)	2,665(a)	2,375	(290)(f)
Federal Income Tax	(8,114)	5,710(a)	4,305	(1,405)(f)
Total Taxes	27,756	43,583	41,888	(1,695)
Depreciation	47,471	47,416	47,416	-
Total Oper. Exp.	1,121,743	1,162,041	1,163,397	1,356
Net for Return	64,596	77,529	76,173	(1,356)
Rate Base	1,215,227	1,198,734(a)	1,203,431	4,697(g)
Rate of Return	5.32%	6.47%	6.33%	(0.14)%

(Red Figure)

(a) Modified to include (1) correction to natural gas used by Gas Department, (2) provision for an 8½ percent wage increase, (3) income taxes for 1 and 2 and for repair allowance treatment consistent with the Electric Department, and (4) rate base for a change in deferred investment tax credit resulting from 3. The CPUC staff has indicated it concurs with these revisions which result from circumstances subsequent to direct and cross-examination testimony of Company and CPUC staff witnesses. A wage increase of 10 percent or $8,836,000 was included by both PG&E and the CPUC staff in the preparation of their respective estimates. The staff originally then made a lump sum elimination of the wage increase. With this exhibit, 1½ percent wage increase or $1,325,000 is eliminated and the balance of 8½ percent or $7,511,000 is included. Both PG&E and staff concur in this inclusion. PG&E has offered to its union represented employees revised contracts which include this 8½ percent wage increase retroactive to January 1, 1976. The International Brotherhood of Electrical Workers (IBEW)-Clerical Unit has ratified the contract. The IBEW-Physical Unit has rejected the Company's offer but PG&E has asked it to reconsider its rejection. The Engineers and Scientists of California (ESC) bargaining committees have not brought a contract to their membership for ratification. The IBEW-Physical Unit members' and ESC members' portions at 8½ percent amount to $4,466,000 for gas operation. In any event, PG&E will continue to advise the Commission and Examiner Coffey of the status of ratification. Each one-half percentage point change in wage increase for electric operation is equal to $220,000 and $43,000 for the IBEW-Physical Unit and ESC unit, respectively.

(b) The staff's transmission expense estimate is lower by $124,000. The reasons are:

(1) $110,000 - CPUC Account No. 864; Compressor Station Equipment.
Staff used 7-year average and PG&E used 5-year average for a portion of the account, Transcript page 3414.

(2) $14,000 - CPUC Account No. 864; Compressor Station Equipment.
Staff used 10-year average and PG&E used a 5-year average of a portion of the account, Transcript page 2182-2192.

(c) The staff's distribution expense estimate is $471,000 lower than PG&E's. The reason is:

CPUC Account No. 887; Mains-Other.
Reason: Due to difference between staff and PG&E methods of estimating, Transcript page 2204.

(d) The staff customer accounts expense estimate is lower by $730,000. The reasons are:

(1) $642,000 - CPUC Account 903; Customer Contract and Orders.
$230,000 - Exclusion of expenses for initial new business contracts.
Transcript pages 1381-83, 1733-34, 2205.
$122,000 - Exclusion of advertising expenses.
Transcript pages 2360-68.
$290,000 - Difference in estimating procedures.
Exhibit No. 32, pages 7-1, 7-2.

(2) $88,000 - CPUC Account 903; Mailing Customer Bills.
Difference in effective date of customer bills bulk mailing discount.
Transcript page 2369-70.

(e) The staff's administrative and general expense estimate is $1,726,000 lower than PG&E's. The reasons are:

(1) $948,000 - CPUC Accounts Nos. 920, 921, and 922; Administrative and General Salaries and Expenses.

		Reasons
a.	$654,000	- Due to difference between staff and PG&E methods of estimating. Transcript pages 690, 693, 697-708, 720-735, 2465-71.
b.	$158,000	- Due to staff exclusion of Public Relations Expenses. Exhibit No. 32, page 9-2. Transcript pages 2476-2481.
c.	$45,000	- Due to staff exclusion of Governmental and Public Affairs Department Expenses. Exhibit No. 32, page 9-2. Transcript pages 2471-2476.
d.	$6,000	- Due to staff exclusion of Sponsored Executives Program (UBAC). Exhibit No. 32, page 9-2.

e. $30,000 - Due to staff exclusion of Executive Salaries.
Transcript pages 554-558, 586-604.

f. $55,000 - Due to staff exclusion of Legislative Advocacy Expenses.
Transcript pages 527-553, 2472, 2960-2981.

(2) $116,000 - CPUC Account No. 923; Outside Services Employed.

Reasons

a. $96,000 - Due to staff contention of duplication.
Transcript pages 2913-21.

b. $20,000 - Due to staff method of normalizing.
Transcript pages 2913-21.

(3) $391,000 - CPUC Account No. 925; Injuries and Damages.

Reasons

a. $248,000 - Due to difference between staff and PG&E estimating techniques for casualty payments.
Exhibit No. 32, page 9-3.

b. $143,000 - Due to difference in assumptions about Workers' Compensation payments.
Exhibit No. 32, page 9-3.
Transcript pages 2924-32.

(4) $271,000 - CPUC Account No. 930; Miscellaneous General Expenses.

Reasons

a. $235,000 - Due to staff exclusion of Institutional Advertising Expenses.
Transcript pages 802, 815-16, 2479, 2938-57.

b. $36,000 - Due to staff exclusion of Scholarships.
Transcript pages 695, 2477.

(f) The staff's income tax estimates are $290,000 and $1,405,000 for state and federal, respectively, higher than PG&E's. The reasons are:

	Expense Line 15	Bond Interest On Non-Op. CWIP in Rate Base	Total
Expense Deduction	$ 3,051,000	$165,000	$ 3,216,000
State Tax at 9%	(275,000)	(15,000)	(290,000)
Federal Tax Deduction	$ 2,776,000	$150,000	$ 2,926,000
Federal at 48%	$(1,333,000)	$(72,000)	$(1,405,000)

(Red Figure)

(g) The staff's rate base is $4,697,000 lower than PG&E's. The reason is the staff's exclusion of non-operative construction work in progress in rate base. Exhibit No. 11, pages 1-5, et seq.; page 2-4, Exhibits Nos. 36, 38, and 39.

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

DOMESTIC SERVICE

APPLICABILITY

No change.

TERRITORY

Within the Rate Areas of:

* Climatic bands are indicated by the letter in parentheses.

RATES

	D-1 Per Meter Per Month	
	Lifeline Rates	Non-Lifeline Rates
Customer Charge	$1.50	$1.50
Energy Charge (in addition to the Customer Charge):		
First 300 kwhr, per kwhr	.0200	.02249
Over 300 kwhr, per kwhr	.0184	.02089
Energy Cost Adjustment, all kwhr, per kwhr	.00595	.00816

	D-2 Per Meter Per Month	
	Lifeline Rates	Non-Lifeline Rates
Customer Charge	$1.60	$1.60
Energy Charge (in addition to the Customer Charge):		
First 300 kwhr, per kwhr	.0220	.02449
Over 300 kwhr, per kwhr	.0184	.02089
Energy Cost Adjustment, all kwh, per kwhr	.00595	.00816

(Continued)

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

DOMESTIC SERVICE
(Continued)

RATES (Continued)

	D-3 Per Meter Per Month	
	Lifeline Rates	Non-Lifeline Rates
Customer Charge	$1.70	$1.70
Energy Charge (in addition to the Customer Charge):		
First 300 kwhr, per kwhr	.0230	.02549
Over 300 kwhr, per kwhr	.0184	.02089
Energy Cost Adjustment, all kwhr, per kwhr.	.00595	.00816

	D-4 Per Meter Per Month	
	Lifeline Rates	Non-Lifeline Rates
Customer Charge	$1.80	$1.80
Energy Charge (in addition to the Customer Charge):		
First 400 kwhr, per kwhr	.0230	.02549
Over 400 kwhr, per kwhr	.0184	.02089
Energy Cost Adjustment, all kwhr, per kwhr ...	.00595	.00816

	D-5 Per Meter Per Month	
	Lifeline Rates	Non-Lifeline Rates
Customer Charge	$2.00	$2.00
Energy Charge:		
First 500 kwhr, per kwhr	.0240	.02649
Over 500 kwhr, per kwhr	.0184	.02089
Energy Cost Adjustment, all kwhr, per kwhr ..	.00595	.00816

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

DOMESTIC SERVICE
(Continued)

RATES (Continued)

Energy Cost Adjustment:

The Energy Cost Adjustment, as specified in Part B of the Preliminary Statement, will be included in each bill for service, including bills for minimum charges.

Fuel Collection Balance Adjustment:

A Fuel Collection Balance Adjustment, as specified in Part B of the Preliminary Statement, will be deducted from each bill for service, including bills for minimum charges. The Fuel Collection Balance Adjustment amount shall be the product of the kilowatt-hours for which the bill is rendered multiplied by $0.00042 per kilowatt-hour.

SPECIAL CONDITIONS

1. Annual Contract: For customers who use service for only part of the year this schedule is applicable only on an annual contract.

2. Lifeline Rates: Lifeline rates are applicable only to separately metered residential usage. The Utility may require the customer to complete and file with it an appropriate Declaration of Eligibility for Lifeline Rates.

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

DOMESTIC SERVICE
(Continued)

SPECIAL CONDITIONS (Continued)

3. Lifeline Usage: The following quantities of electricity are to be billed at the rates for lifeline usage:

End Use	Code	Monthly Kwhr Allowance For Climatic Bands*1/ W	X	Y	Z
Basic Allowance**	B	240	240	240	240
Basic plus Water Heating	W	490	490	490	490
Basic plus Space Heating					
Summer (May 1 to Oct. 31)	H	240	240	240	240
Winter (Nov. 1 to Apr. 30)	H	790	1,040	1,360	1,660
Basic plus Space and Water Heating					
Summer (May 1 to Oct. 31)	C	490	490	490	490
Winter (Nov. 1 to Apr. 30)	C	1,040	1,290	1,610	1,910
Non-lifeline	N	0	0	0	0

Energy used in excess of the lifeline allowances will be billed at the non-lifeline rates, continuing from the quantity reached by the lifeline allowance.

* Climatic Bands are described in the Preliminary Statement.
** Includes lighting, cooking and refrigeration.

4. Seasonal Rate Changes: The lifeline allowances for space heating will be prorated in the May and November billing periods based on the ratio of the number of days prior to May 1 and subsequent to October 31, respectively, to the total number of days in the billing period.

1/ Only the climatic bands applicable to a specific rate schedule would be shown on that schedule, i.e., Band X only will be shown on Schedule D-1.

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

Schedule No. DM

MULTI-FAMILY SERVICE

APPLICABILITY

This schedule is applicable to service for domestic lighting, heating, cooking, and single-phase power service supplied to multi-family accommodations through one meter on a single premises.

TERRITORY

The entire territory served.

RATES

The rate of the single family domestic service schedule, applicable in the territory in which the multi-family accommodation is located, modified as follows:

Customer Charge:

No change.

Energy Charge (in addition to the Customer Charge):

The kilowatt-hours for all blocks shall be multiplied by the number of residential dwelling units and/or mobile home spaces wired for service.

Energy Cost Adjustment:

An Energy Cost Adjustment, as specified in Part B of the Preliminary Statement, will be included in each bill for service.

Fuel Collection Balance Adjustment:

A Fuel Collection Balance Adjustment, as specified in Part B of the Preliminary Statement, will be deducted from each bill for service, including bills for minimum charges. The Fuel Collection Balance Adjustment amount shall be the product of the kilowatt-hours for which the bill is rendered multiplied by \$0.00042 per kilowatt-hour.

A.55509 FG
A.55510

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

Schedule No. DM

MULTI-FAMILY SERVICE
(Continued)

SPECIAL CONDITIONS

1. Multiplier: In determination of the multiplier it is the responsibility of the customer to advise the Utility within 15 days following any change in the number of residential dwelling units and mobile homes wired for service.

2. Miscellaneous Loads: Miscellaneous electrical loads such as general lighting, laundry rooms, general maintenance, and other similar usage incidental to the operation of the premises as a multi-family accommodation will be considered as domestic usage.

3. Non-lifeline Energy: Electric energy for non-domestic enterprises such as rooming houses, boarding houses, dormitories, rest homes, military barracks, stores, restaurants, service stations, and other similar establishments will be separately metered and billed under the applicable general service schedules.

4. Annual Contract: For customers who use service for only part of the year, this schedule is applicable only on an annual contract.

5. Lifeline Rates: Lifeline rates are applicable only to separately metered residential usage. The utility may require the customer to complete and file with it an appropriate Declaration of Eligibility for Lifeline Rates.

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

Schedule No. DM

MULTI-FAMILY SERVICE
(Continued)

SPECIAL CONDITIONS (Continued)

6. Lifeline Usage: The following quantities of electricity are to be billed at the rates for lifeline usage:

End Use Per Residential Unit	Code	Monthly Kwhr Allowance For Climatic Bands* W	X	Y	Z
Basic Allowance**	B	190	190	190	190
Basic plus Water Heating	W	390	390	390	390
Basic plus Space Heating					
Summer (May 1 to Oct. 31)	H	190	190	190	190
Winter (Nov. 1 to Apr. 30)	H	520	670	865	1,040
Basic plus Space and Water Heating					
Summer (May 1 to Oct. 31)	C	390	390	390	390
Winter (Nov. 1 to Apr. 30)	C	720	870	1,065	1,240
Non-lifeline	N	0	0	0	0

Energy used in excess of the lifeline allowances will be billed at the non-lifeline rates, continuing from the quantity reached by the lifeline allowances.

* Climatic Bands are described in the Preliminary Statement.
** Includes lighting, cooking and refrigeration.

7. Seasonal Rate Changes: The lifeline allowances for space heating will be prorated in the May and November billing periods based on the ratio of the number of days prior to May 1 and subsequent to October 31, respectively, to the total number of days in the billing period.

8. Three Phase Service: Three phase load will be supplied service under this schedule for multi-family residential customers who were supplied three phase service on a general service schedule on _______________ 1976.

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

Schedule No. DS

SUB-METERED MULTI-FAMILY SERVICE

APPLICABILITY

This schedule is applicable to service for domestic lighting, heating, cooking, and single-phase power service supplied to multi-family accommodations through one meter on a single premises and submetered to all individual tenants.

TERRITORY

The entire territory served.

RATES

The rate of the single family domestic service schedule, applicable in the territory in which the multi-family accommodation is located, less 10% discount on the rates applicable to lifeline usage.

Customer Charge:

No change.

Energy Charge (in addition to the Customer Charge):

The kilowatt-hours for all blocks shall be multiplied by the number of residential dwelling units and/or mobile home spaces wired for service.

Energy Cost Adjustment:

An Energy Cost Adjustment, as specified in Part B of the Preliminary Statement, will be included in each bill for service.

Fuel Collection Balance Adjustment:

A Fuel Collection Balance Adjustment, as specified in Part B of the Preliminary Statement, will be deducted from each bill for service, including bills for minimum charges. The Fuel Collection Balance Adjustment amount shall be the product of the kilowatt-hours for which the bill is rendered multiplied by $0.00042 per kilowatt-hour.

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

Schedule No. DS

SUB-METERED MULTI-FAMILY SERVICE
(Continued)

SPECIAL CONDITIONS

1. Multiplier: In determination of the multiplier it is the responsibility of the customer to advise the utility within 15 days following any change in the number of residential dwelling units and mobile homes wired for service.

2. Miscellaneous loads: Miscellaneous electrical loads such as general lighting, laundry rooms, general maintenance, and other similar usage incidental to the operation of the premises as a multi-family accommodation will be considered as domestic usage.

3. Non-lifeline Energy: Electric energy for non-domestic enterprises such as rooming houses, boarding houses, dormitories, rest homes, military barracks, stores, restaurants, service stations, and other similar establishments will be separately metered and billed under the applicable general service schedules.

4. Annual Contract: For customers who use service for only part of the year, this schedule is applicable only on an annual contract.

5. Lifeline Rates: Lifeline rates are applicable only to separately metered residential usage. The utility may require the customer to complete and file with it an appropriate Declaration of Eligibility for Lifeline Rates.

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

Schedule No. DS

SUB-METERED MULTI-FAMILY SERVICE
(Continued)

SPECIAL CONDITIONS (Continued)

6. Lifeline Usage: The following quantities of electricity are to be billed at the rates for lifeline usage:

End Use	Code	Monthly Kwhr Allowance For Climatic Bands*			
		W	X	Y	Z
Per Residential Unit					
Basic Allowance**	B	240	240	240	240
Basic plus Water Heating	W	490	490	490	490
Basic plus Space Heating					
Summer (May 1 to Oct. 31)	H	240	240	240	240
Winter (Nov. 1 to Apr. 30)	H	790	1,040	1,360	1,660
Basic plus Space and Water Heating					
Summer (May 1 to Oct. 31)	C	490	490	490	490
Winter (Nov. 1 to Apr. 30)	C	1,040	1,290	1,610	1,910
Non-lifeline	N	0	0	0	0

Energy used in excess of the lifeline allowances will be billed at the non-lifeline rates, continuing from the quantity reached by the lifeline allowances.

* Climatic Bands are described in the Preliminary Statement.
** Includes lighting, cooking and refrigeration.

7. Seasonal Rate Changes: The lifeline allowances for space heating will be prorated in the May and November billing periods based on the ratio of the number of days prior to May 1 and subsequent to October 31, respectively, to the total number of days in the billing period.

8. (See Special Condition 8 on DM.)

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

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

SCHEDULES NOS. A-1 THROUGH A-5

RATES	Per Meter Per Month				
	A-1	A-2	A-3	A-4	A-5
Customer Charge....................	$1.50	$1.60	$1.70	$1.80	$2.00
Energy Charge:					
First 800 kwhr, per kwhr	3.91	4.11	4.11	4.81	5.91
Next 1,200 kwhr, per kwhr	3.61	3.81	3.91	4.01	4.61
All excess, per kwhr	3.11	3.11	3.11	3.11	3.11

SCHEDULE NO. A-12

RATES	Per Meter Per Month
Demand Charge:	
First 50 kw of billing demand or less ...	$110.00
Over 50 kw of demand, per kw	1.92
Energy Charge:	
First 5,000 kwhr, per kwhr	1.875¢
All Excess kwhr:	
First 100 kwhr per kw, per kwhr	1.875
Next 200 Kwhr per kw, per kwhr	1.395
All excess, per kwhr	1.075

APPENDIX D
Page 12 of 26

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

SCHEDULE NO. A-13

RATES	Per Meter Per Month
Demand Charge:	
First 1,000 kw of billing demand	$2,465.00
Over 1,000 kw of billing demand, per kw	1.75
Energy Charge:	
First 100 kwhr per kw, per kwhr	1.598¢
Next 200 kwhr per kw, per kwhr	1.138
All excess, per kwhr	0.938

SCHEDULE NO. A-15

RATES	Per Meter Per Month
Customer Charge	$0.75
Energy Charge:	
First 50 kwhr, per kwhr	7.82
Next 150 kwhr, per kwhr	7.12
Next 800 kwhr, per kwhr	6.32
Next 2,000 kwhr, per kwhr	5.62
Next 12,000 kwhr, per kwhr	4.62
All over 15,000 kwhr per meter per month:	
First 50 kwhr per kw, per kwhr	3.92
Next 150 kwhr per kw, per kwhr	3.02
All excess, per kwhr	2.22

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

SCHEDULE NO. A-16

RATES	Per Meter Per Month
Energy Charge:	
First 150 kwhr, per kwhr..................	6.87¢
Next 150 kwhr, per kwhr............	4.27
All excess, per kwhr......................	3.37

SCHEDULE NO. A-18

RATES

Demand Charge:

(a) \$1.31 per kw per month of maximum demand at times other than those specified as off-peak period, but not less than \$60,000 per contract year.

(b) \$0.33 per kw per month of maximum demand at times specified as off-peak period in excess of (a).

Energy Charge (in addition to the Demand Charge):

Base Rate: \$0.00938 per kwhr.

SCHEDULE NO. H-1

RATES	Per Meter Per Month
First 150 kwhr, per kwhr	7.47¢
Next 850 kwhr, per kwhr	3.27
All excess, per kwhr	2.37

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

SCHEDULE NO. P-1

RATES

A - Monthly Basis:

Energy Charge:

Connected Hp	Rate per Kwhr for Monthly Consumption of 1st 50 Kwhr/Hp	Next 50 Kwhr/Hp	Next 150 Kwhr/Hp	Over 250 Kwhr/Hp
2 - 9.9 hp	7.07¢	3.97¢	2.47¢	2.07¢
10 - 24.9 hp	6.37	3.87	2.27	2.07
25 hp and over	5.37	3.57	2.17	1.97

SCHEDULE NO. P-3

RATES

Billing Demand Kw	Rate per Kwhr for Monthly Consumption per Kw of Billing Demand: First 100 Kwhr per Kw	Next 100 Kwhr per Kw	Next 100 Kwhr per Kw	All over 300 Kwhr per Kw
0 - 18	$0.0513	$0.0283	$0.0213	$0.0193
19 - 37	0.0463	0.0253	0.0193	0.0183
38 - 74	0.0433	0.0213	0.0193	0.0163
75 and over	0.0373	0.0203	0.0183	0.0153

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

SCHEDULE NO. P-5

RATES

Energy Charge:

Connected Load in Hp	Rate per Kwhr for Monthly Consumption of: First 50 kwhr per hp	Next 50 kwhr per hp	Next 150 kwhr per hp	All over kwhr per hp
2 - 9.9	$0.0847	$0.0477	$0.0307	$0.0237
10 - 24.9	0.0747	0.0467	0.0287	0.0237
25 - 49.9	0.0647	0.0447	0.0267	0.0227
50 - 99.9	0.0567	0.0407	0.0267	0.0207
100 and over	0.0507	0.0367	0.0237	0.0197

SCHEDULE NO. P-60

RATES

Energy Charge:

Connected Load in Hp	Rate per Kwhr for Monthly Consumption of: First 50 kwhr per hp	Next 50 kwhr per hp	Next 150 kwhr per hp	All over 250 kwhr per hp
2 - 4.9	$0.0597	$0.0367	$0.0247	$0.0207
5 - 9.9	0.0567	0.0357	0.0247	0.0207
10 - 24.9	0.0527	0.0337	0.0227	0.0207
25 - 49.9	0.0467	0.0297	0.0217	0.0197
50 - 99.9	0.0437	0.0287	0.0217	0.0197
100 and over	0.0417	0.0277	0.0217	0.0197

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

SCHEDULE NO. P-8

Electric Rate I	Per Meter Per Month
Demand Charge:	
First 1,000 kw of billing demand	$2,465.00
Over 1,000 kw of billing demand, per kw	1.75
Energy Charge (in addition to the Demand Charge):	
First 100 kwhr per kw of billing demand, per kwhr ...	$0.01590
Next 200 kwhr per kw of billing demand, per kwhr ...	0.01138
All excess, per kwhr	0.00938

SCHEDULE NO. PA-1

RATES

A - Connected Load Basis

B - Maximum Demand Basis

Connected Load in hp or Billing Demand in kw	Monthly Service Charge
2 - 4.9	$ 0.00 plus $0.82 per hp or kw
5 - 14.9	0.55 plus 0.71 per hp or kw
15 - 49.9	1.30 plus 0.66 per hp or kw
50 - 99.9	6.80 plus 0.55 per hp or kw
100 - 249.9	8.80 plus 0.53 per hp or kw
250 - 499.9	16.30 plus 0.50 per hp or kw
500 and over	31.30 plus 0.47 per hp or kw

(Continued)

APPENDIX D
Page 17 of 26

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

SCHEDULE NO. PA-1 (Continued)

RATES (Continued)

Connected Load in hp or Billing Demand in kw	Energy Charge in Addition to the Service Charge Rate per kwhr per hp or kw per Year		
	First 1,000 kwhr per hp or kw	Next 1,000 kwhr per hp or kw	All over 2,000 kwhr per hp or kw
2 - 4.9	$0.0231	$0.0149	$0.0105
5 - 14.9	0.0211	0.0144	0.0105
15 - 49.9	0.0212	0.0144	0.0105
50 - 99.9	0.0197	0.0144	0.0105
100 - 249.9	0.0189	0.0144	0.0105
250 - 499.9	0.0185	0.0144	0.0105
500 and over	0.0179	0.0144	0.0105

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

SCHEDULE NO. LS-1

RATES

Class	Rate Per Lamp Per Month A	B	Half-Hour Adjustment
Operating Schedule	All-Night	All-Night	
Nominal Lamp Rating			
Incandescent Lamps			
600 lumens or less	$ 3.028	$ -	$0.038
1,000 lumens	3.406	-	0.048
2,500 lumens	5.293	4.307	0.075
4,000 lumens	6.605	5.618	0.109
6,000 lumens	7.983	6.997	0.147
10,000 lumens	10.999	10.012	0.220
Mercury Vapor Lamps			
Lamp Watts / Average Initial Lumens			
100 / 3,500	5.004	4.292	0.057
175 / 7,500	5.615	4.903	0.093
250 / 11,000	6.821	6.108	0.119
400 / 21,000	9.115	8.238	0.186
700 / 37,000	14.499	12.636	0.286
1,000 / 57,000	18.386	16.413	0.379
High Pressure Sodium Vapor Lamps			
Lamp Watts / Average Initial Lumens			
250 / 25,500	13.718	11.143	0.144
400 / 46,000	15.489	12.640	0.212

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

SCHEDULE NO. LS-2

RATES

Class	Rate per Lamp per Month: A: Utility supplies energy and switching* service only	B: Utility supplies the energy switching*, and maintenance service for lamps and glassware	C: Utility supplies the energy, switching*, and maintenance service for entire system including lamps and glassware	Half-Hour Adjustment Add to Rate: A	Half-Hour Adjustment Add to Rate: B or C
Operating Schedule	All-Night	All-Night	All-Night		
Nominal Lamp Rating:					
Incandescent Lamps					
1,000 lumens or less	$ 1.072	$ 1.707	$ 2.145	$0.025	$0.043
2,500 lumens	2.280	3.047	3.485	0.055	0.086
4,000 lumens	3.482	4.303	4.742	0.092	0.119
6,000 lumens	4.695	5.517	6.065	0.126	0.143
10,000 lumens	6.999	7.930	8.424	0.189	0.220
15,000 lumens	9.547	10.588	11.081	0.265	0.302
Low Pressure Sodium Vapor Lamps					
10,000 lumens	3.025	-	-	0.067	-
High Pressure Sodium Vapor Lamps					
Lamp Watts / Average Initial Lumens					
250 / 25,500	4.020	6.048	6.650	0.090	0.107
400 / 46,000	5.462	6.942	7.544	0.136	0.153
Metal Halide Lamps					
Lamp Watts / Average Initial Lumens					
400 / 30,000	5.384	-	-	0.134	-
1,000 / 90,000	12.310	-	-	0.331	-

* Switching service is closed to new installations.

(Continued)

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

SCHEDULE NO. LS-2 (Continued)

RATES (Continued)

Class		Rate per Lamp per Month A: Utility supplies energy and switching* service only	B: Utility supplies the energy, switching*, and maintenance service for lamps and glassware	C: Utility supplies the energy, switching*, and maintenance service for entire system including lamps and glassware	Half-Hour Adjustment Add to Rate A	B or C
Operating Schedule		All-Night	All-Night	All-Night		
Nominal Lamp Rating: Mercury Vapor Lamps						
Lamp Watts	Average Initial Lumens					
100	3,500	$ 1.826	$ 2.264	$ 2.867	$0.042	$0.057
175	7,500	2.711	3.150	3.752	0.066	0.076
250	11,000	3.643	4.191	4.793	0.087	0.103
400	21,000	5.335	5.883	6.485	0.132	0.148
700	37,000	8.691	9.732	10.335	0.236	0.279
1,000	57,000	12.194	13.290	13.893	0.326	0.385

* Switching service is closed to new installations.

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

SCHEDULE NO. LS-3

RATES

Energy Charge:	Per Meter Per Month
For the first 20 kw or less of connected load:	
First 150 kwhr per month per kw connected....................	$.0501
All excess, per kwhr....................................	.0151
For all connected load in excess of the first 20 kw:	
First 150 kwhr per month per kw connected....................	.0421
All excess, per kwhr....................................	.0151

SCHEDULE NO. LS-4

RATES

Energy Charge:	Per Meter Per Month
For the first 20 kw or less of connected load:	
First 150 kwhr per month per kw connected....................	$.0501
All excess, per kwhr....................................	.0151
For all connected load in excess of the first 20 kw:	
First 150 kwhr per month per kw connected....................	.0421
All excess, per kwhr....................................	.0151

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

SCHEDULE NO. LS-60

RATES

	Rate Per Lamp Per Month All-Night Service
Nominal Lamp Rating:	
Incandescent Lamps:	
2,500 lumens...........................	$4.033
4,000 lumens...........................	5.180

SCHEDULE NO. LS-61

RATES

	Rate Per Lamp Per Month All-Night Service
A	
Lamp Rating	
4,000 lumens, Incandescent............	$6.002
10,000 lumens, Mercury Vapor...........	8.135
B	
Lamp Rating	
4,000 lumens, Incandescent............	$2.879

SCHEDULE NO. OL-1

RATES

	Per Lamp Per Month
175 watt mercury vapor lamp..............	$6.054
400 watt mercury vapor lamp..............	9.773

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

SCHEDULE NO. TC-1

RATES

	Per Meter Per Month
Service Charge:	
For each Service Connection................	$1.50
Energy Charge:	
All kwhr, per kwhr..........................	.0331

SCHEDULE NO. S-1

RATES

Standby Charge:

First 25 kw of contract capacity, per kw	$2.74
Next 100 kw of contract capacity, per kw	2.08
Over 125 kw of contract capacity, per kw	1.64

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

SPECIAL CONTRACTS - SLAC & AMES

The special contract rates for interruptible service to USAEC, Stanford Linear Accelerator Center and NASA, Ames, Laboratory, Moffett Field are as follows:

Demand Charge:

On-Peak per kw per month........................	$1.01
Off-Peak per kw per month........................	0.33

Energy Charge:

First 300 kwhr per kw, per kwhr.................	$ .0083
All over 300 kwhr per kw, per kwhr.............	.0077

Energy Component of minimum charge per kwhr 1/..	$ .0090

SPECIAL CONTRACT - BART

The special contract rates for traction, station, and miscellaneous power to Bay Area Rapid Transit District are as follows:

Traction Power

Demand - per kw................................	$1.71
Energy - per kwhr..............................	0.0069

Station & Miscellaneous Power

Demand - per kw................................	$1.98
Energy - per kwhr..............................	0.0069

1/ SLAC only

RATES - PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT

SPECIAL CONTRACT - STREET LIGHTING SERVICE TO CITY AND COUNTY OF SAN FRANCISCO

Charges for said service are increased by $63,000 and shall be billed in uniform equal amounts per month, or otherwise as Applicant and City shall hereinafter agree, to rates and charges for each size and type of lamp for which service is furnished, to fix rates for like conditions of service by increasing charges by the same increase applied to other schedules.

PRELIMINARY STATEMENT PART A

Revise Section 1 of Part A of the Preliminary Statement to read:

1. Territory served by the Company:

The Pacific Gas and Electric Company supplies electric service in all or portions of the forty-seven counties in the northern and central part of the State of California, the territory in which each schedule is applicable being more specifically described on the schedules, and as to certain areas, in Section 6 of Part A of this Preliminary Statement.

The climatic bands required by Decision No. 86087 (Case No. 9988), dated July 13, 1976, and used in the rate schedules are shown below for each county.

PRELIMINARY STATEMENT (Continued)

County	Elevation Range Band W 2500 DD	Band X 2501-4500 DD	Band Y 4501-7000 DD	Band Z 7000 DD
Alameda		All		
Alpine*				All
Amador		Under 3,000'	3,001-6,000'	Over 6,000'
Butte		Under 3,000'	3,001-4,800'	Over 4,800'
Calaveras		Under 3,000'	3,001-6,000'	Over 6,000'
Colusa		All		
Contra Costa		All		
El Dorado*		Under 3,000'	3,001-6,000'	Over 6,000'
Fresno*		Under 3,500'	3,501-6,500'	Over 6,500'
Glenn		Under 3,000'	Over 3,000'	
Humboldt			All	
Kern*	Under 1,000'	Over 1,000'		
Kings*	All			
Lake		All		
Lassen*			Under 4,800'	Over 4,800'
Madera*		Under 4,000'	4,001-6,500'	Over 6,500'
Marin		All		
Mariposa		Under 3,500'	3,501-6,000'	Over 6,000'
Mendocino		All		
Merced		All		
Monterey		All		
Napa		All		
Nevada		Under 3,000'	3,001-5,500'	Over 5,500'
Placer		Under 3,000'	3,001-5,500'	Over 5,500'
Plumas*			Under 4,800'	Over 4,800'
Sacramento		All		
San Benito		All		
San Francisco		All		
San Joaquin		All		
San Luis Obispo		All		
San Mateo		All		
Santa Barbara*		All		
Santa Clara		All		
Santa Cruz		All		
Shasta		Under 2,000'	2,001-4,500'	Over 4,500'
Sierra*			Under 5,500'	Over 5,500'
Siskiyou*			Under 4,500'	Over 4,500'
Solano		All		
Sonoma		All		
Stanislaus		All		
Sutter		All		
Tehama		Under 2,500'	2,501-4,800'	Over 4,800'
Trinity		Under 2,000'	2,001-4,500'	Over 4,500'
Tulare*	Under 1,000'	1,001-3,500'	3,501-6,500'	Over 6,500'
Tuolumne*		Under 3,500'	3,501-6,000'	Over 6,000'
Yolo		All		
Yuba		All		

* Pertains to PG&E electric service area only.

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GENERAL NATURAL GAS SERVICE - BASIC ZONES

RATES

Commodity Charge:	Per Meter Per Month					
	G-1		G-2		G-3	
	Lifeline	Non-Lifeline	Lifeline	Non-Lifeline	Lifeline	Non-Lifeline
First 2 therms, or less	$1.46898	$1.49084	$1.57398	$1.59584	$1.68198	$1.70384
Next 23 therms, per therm	.13919	.15012	.13919	.15012	.14339	.15432
Next 50 therms, per therm	.13439	.14532	.13439	.14532	.13669	.14762
Over 75 therms, per therm	.15662	.17696	.15662	.17696	.15662	.17696

Commodity Charge:	Per Meter Per Month			
	G-4		G-5	
	Lifeline	Non-Lifeline	Lifeline	Non-Lifeline
First 2 therms, or less	$1.84398	$1.86584	$2.11198	$2.13384
Next 23 therms, per therm	.14769	.15862	.15539	.16632
Next 50 therms, per therm	.13889	.14982	.14349	.15442
Over 75 therms, per therm	.15662	.17696	.15662	.17696

Minimum Charge: The charge for the first two therms.

GENERAL NATURAL GAS SERVICE - SUBZONES

RATES

Commodity Charge:	Per Meter Per Month: G-7 Lifeline	G-7 Non-Lifeline	G-11 Lifeline	G-11 Non-Lifeline
First 2 therms, or less	$1.89798	$1.91984	$2.32598	$2.34784
Next 23 therms, per therm	.16079	.17696	.17279	.17696
Next 50 therms, per therm	.15479	.17696	.16199	.17696
Over 75 therms, per therm	.16479	.17696	.17199	.17696

Commodity Charge:	Per Meter Per Month: G-12 Lifeline	G-12 Non-Lifeline	G-13 Lifeline	G-13 Non-Lifeline
First 2 therms, or less	$2.70098	$2.72284	$3.02198	$3.04384
Next 23 therms, per therm	.18009	.18009	.20079	.20079
Next 50 therms, per therm	.16659	.17696	.17999	.17999
Over 75 therms, per therm	.17659	.17696	.18999	.18999

Minimum Charge: The charge for the first two therms.

PUBLIC OUTDOOR LIGHTING NATURAL GAS SERVICE

	Per Group of Lights Per Month G-30
RATES	
First 10 lights or less	$30.07
For each additional gas light	$3.01
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	$1.283

INTERRUPTIBLE NATURAL GAS SCHEDULES (all)

RATES

Commodity Charge:	Per Meter Per Month
For all gas deliveries, per therm	17.696¢

Minimum Charge: The charge for the first 5,000 therms per meter per month accumulative annually.

APPENDIX E

RESALE NATURAL GAS SERVICE

	Per Month			
	G-60	G-61	G-62	G-63
RATES				
Demand Charge:				
Based on the maximum billing month consumption, per therm, firm service	9.8¢	9.8¢	8.6¢	8.6¢
For all interruptible gas deliveries, per therm	-	-	2.7	2.7
Commodity Charge:				
To be added to the Demand Charge: For all gas deliveries, per therm	First 33.7% of firm sales 11.673¢	First 59.8% of firm sales 11.514¢	First 44.0% of firm sales 11.376¢	First 35.9% of firm sales 11.609¢
	Over 33.7% of firm sales 13.487¢	Over 59.0% of firm sales 13.328¢	Over 44.0% of firm sales 13.190¢	Over 35.9% of firm sales 13.423¢
			Interruptible 13.249¢	Interruptible 13.482¢

Minimum Charge:

The minimum charge shall be the monthly demand charge.

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RATES - PACIFIC GAS AND ELECTRIC COMPANY - GAS DEPARTMENT

GAS
PROPOSED ADDITION TO PRELIMINARY STATEMENT
FOR APPLICATION OF TEMPERATURE BANDS

PRELIMINARY STATEMENT
PART A

No. 1 - Territory Served by the Company:

The Pacific Gas and Electric Company supplies gas service in all or portions of thirty-seven counties in the northern and central part of the State of California, the territory in which each schedule is applicable being more specifically described in the schedules. The Climatic Bands required by Decision No. 86087 (Case No. 9988), dated July 13, 1976, and used in the rate schedules are shown below for each county.

APPENDIX F

PRELIMINARY STATEMENT (Continued)

County	Elevation Range: Band W 2500 DD	Band X 2501-4500 DD	Band Y 4501-7000 DD	Band Z 7000 DD
Alameda		All		
Amador		Under 3,000'	*	*
Butte		Under 3,000'	*	*
Calaveras		Under 3,000'	*	*
Colusa		All		
Contra Costa		All		
Fresno#		Under 3,500'	*	*
Glenn		All		
Humboldt			All	
Kern#	Under 1,000'	Over 1,000'	*	*
Kings#	All			
Madera		Under 4,000'	*	*
Marin		All		
Mendocino		All		
Merced		All		
Monterey		All		
Napa		All		
Nevada		Under 3,000'	*	*
Placer		Under 3,000'	*	*
Sacramento		All		
San Bernardino#	Under 1,800'	Over 1,800'		
San Benito		All		
San Francisco		All		
San Joaquin		All		
San Luis Obispo#		All		
San Mateo		All		
Santa Clara		All		
Santa Cruz		All		
Shasta		Under 2,000'	2,000-4,500'	Over 4,500'
Solano		All		
Sonoma		All		
Stanislaus		All		
Sutter		All		
Tehama		Under 2,500'	*	*
Trinity		Under 2,000'	2,000-4,500'	*
Yolo		All		
Yuba		All		

Pertains to PG&E gas service area only.
* No gas service in these climatic bands.

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STATEMENT OF COMMISSIONER LEONARD ROSS

Subsequent to the signing of this decision, I have been assigned as co-Commissioner to this case. I will, therefore, withhold any comment on the interim decision, other than to indicate that I dissented because I did not believe that the rate of return question should have been decided in the first phase.

Leonard Ross

Leonard Ross
Commissioner

San Francisco, California
November 1, 1976