

Decision No. 92718 FEB 18 1981

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application)
of CP NATIONAL CORPORATION, a)
California corporation, For)
authority to increase its rates)
for electricity in its Lassen)
District.)

Application No. 59548
(Filed March 31, 1980)

In the matter of the application)
of CP NATIONAL CORPORATION, a)
California corporation, For)
authority to increase its rates)
for electricity in its Needles)
District.)

Application No. 59549
(Filed March 31, 1980)

In the matter of the application)
of CP NATIONAL CORPORATION, a)
California corporation, For)
authority to increase its rates)
for natural gas in its Needles)
District.)

Application No. 59550
(Filed March 31, 1980)

In the matter of the application)
of CP NATIONAL CORPORATION, a)
California corporation, For)
authority to increase its rates)
for natural gas in its South)
Lake Tahoe District.)

Application No. 59551
(Filed March 31, 1980)

In the matter of the application)
of CP NATIONAL CORPORATION, a)
California corporation, For)
authority to increase its rates)
for electricity in its)
Weaverville District.)

Application No. 59552
(Filed March 31, 1980)

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Kevin P. Coughlan, for the Commission staff.

O P I N I O N

By these applications CP National Corporation (CP National) requests authority to increase rates for its gas and electric service in California. The five applications filed on March 31, 1980, one for each of CP National's California energy districts, have been consolidated for hearing and decision.

Summary of Decision

This order authorizes CP National to increase rates in its California gas and electric districts as follows: Lassen Electric District, \$433,000 or 4.5 percent; Needles Electric District, \$242,000 or 10.8 percent; Needles Gas District, \$83,000 or 11.5 percent; South Lake Tahoe Gas District, \$398,000 or 3.9 percent; and Weaverville Electric District, \$25,000 or 1.7 percent. These rate increases reflect an adopted rate of return on common stock equity of 14.2 percent and an overall rate of return of 10.70 percent for the test year 1981. CP National is commended for its present conservation efforts and is ordered to continue those efforts and implement the staff's conservation recommendations made in this proceeding.

We also conclude herein that an attrition allowance for each of CP National's districts, to be effective January 1, 1982, is reasonable. The amount of the allowance for each district is shown in Table 2 of this decision. To effect the resulting single step rate increase, we will require an advice letter filing by CP National in accordance with procedures recommended by the staff.

Hearings

On August 12, 13, and 14, 1980, public hearings on these applications were held in San Francisco, California, before Administrative Law Judge Norman B. Haley. Four additional days of public hearing were held in each of the affected districts: August 19, 1980, in Weaverville (Application No. 59552); August 20, 1980, in Susanville (Application No. 59548); August 22, 1980, in South Lake Tahoe (Application No. 59551); and August 28, 1980, in Needles (Applications Nos. 59549 and 59550). These hearings were scheduled for both the afternoon and evening in order to afford the maximum opportunity for public witness testimony. Copies of the applications were served and notice of hearing was published in accordance with this Commission's Rules of Practice and Procedure.

During the hearings nine witnesses testified on behalf of CP National, including CP National's treasurer, an assistant vice president, and four department managers. The staff presentation was made by 12 witnesses, each with a background in either engineering, accounting, or economics. The oral testimony of both the staff and CP National was supplemented by 57 exhibits.

In addition to the witnesses appearing on behalf of CP National and the staff, 23 public witnesses also provided testimony. While there were some specific customer complaints concerning CP National's service and billing, the most widespread concern centered on the general problem of rising energy bills. Several witnesses asked that further rate increase requests be closely scrutinized. Specific complaints were answered by CP National representatives either during hearing or through subsequent correspondence.

Although several customers noted and commended CP National for improvements in its energy service, particularly CP National's residential conservation measures, others criticized the lack of

information on their bills relating to comparative usage and rates. It was also suggested that CP National might be experiencing excessive line losses in its Lassen Electric District. Because such testimony relates to issues considered in Decision No. 90597 issued in Order Instituting Investigation No. 14, the Commission's investigation into CP National's California electric service, it is important to note CP National's responses.

During hearing CP National indicated its intent to institute "report card billing" in the spring of 1981. This proposed action is both confirmed and described by the staff in its analysis of CP National's 1981 Energy Conservation Program (Exhibit 40). The new form of billing, patterned after similar forms used by California's major utilities, will provide a customer with, among other things, a simplified and precise breakdown of his bill, identification of lifeline and nonlifeline use, and a comparison between the customer's present and previous year's usage.

In response to a request by the Administrative Law Judge, CP National also provided information regarding line loss levels in its Lassen District. CP National's correspondence to Administrative Law Judge Haley reveals that CP National's levels of "unaccounted for" kilowatt-hours (kWh) have been in keeping with those of surrounding utilities. Further, CP National intends to reduce present "unaccounted for" kWh levels through meter testing and capital construction projects designed to reduce system losses in its transmission substation and distribution plant facilities. This latter activity includes Phase II of CP National's Conservation Voltage Regulation Program, a program which the staff in this proceeding has recommended CP National to vigorously pursue (Exhibit 40.) This staff recommendation, as well as others in Exhibit 40, are adopted in this order.

Following hearings, the present applications were submitted on the filing of late-filed Exhibit 52, a jointly sponsored exhibit showing areas of agreement between the staff and CP National, and concurrent briefs, filed October 22, 1980, focusing on the remaining controverted issues. On December 5, 1980 CP National filed a "Motion for Interim Partial General Rate Increases" in this consolidated proceeding. By this decision, however, final Commission action will be taken on the subject applications. Under these circumstances, there will no longer be a need or basis for interim relief, and the motion will therefore be denied.

General Information

CP National, a California corporation, owns and operates public utility electric, gas, water, and telephone systems in California and Nevada; electric, gas, and telephone systems in Oregon; and electric systems in Utah and Arizona. CP National's general offices are located in Concord, California. The present applications concern energy service in four of the 11 geographic locations into which CP National's entire operating area is divided.

Lassen Electric District (Application No. 59548) - CP National's electric service in this district extends to Susanville, Chester, Westwood, Herlong, and the adjacent rural areas of Lassen, Plumas, and Tehama Counties. The power required to serve this area is purchased by CP National from Pacific Gas and Electric Company (PG&E) on Schedule R-Resale Service. Power is received at a voltage of 60 kilovolts (kV) at each of two points of connection, one in Chester for service to the town of Chester, and one in Westwood for service to Westwood and all towns and areas east of Westwood. Two 60 kV lines, each 22 miles in length, connect Westwood with Susanville. There are approximately 971 wire miles in the district's electric distribution system and 252 wire miles in the transmission system.

Needles Electric District (Application No. 59549) - In California, this district provides electric service to Needles and adjacent territory in San Bernardino County. CP National purchases all of its power requirements for this district from Nevada Power Company (NPC) through the Nevada Division of Colorado River Resources. Power received from NPC is generated at the Mohave Generating Station and delivered to Needles by means of a 21.81-mile 69 KV transmission line. In case of emergency, energy may be received from Hoover Dam over CP National's 100.17-mile 69 KV transmission line. There are approximately 306 wire miles in the Needles overhead distribution system and an additional 12 miles of underground line.

Needles Gas District (Application No. 59550) - In California, the Needles Gas District provides gas service to Needles and adjacent territory in San Bernardino County. CP National's gas requirements for this district are purchased from PG&E on Rate Schedule G-62, Resale Natural Gas Service. The gas is received at the California border near Topock, Arizona, where it enters CP National's distribution system. The distribution system consists of approximately 45 miles of distribution mains and lines.

South Lake Tahoe Gas District (Application No. 59551) - Gas service in this district is furnished by CP National to South Lake Tahoe and adjacent territory in El Dorado County. Gas requirements are purchased from Southwest Gas Corporation (Southwest) on Rate Schedule PGA-1. The gas is received at South Lake Tahoe, California, where it enters CP National's distribution system.

Weaverville Electric District (Application No. 59552) - CP National's Weaverville Electric District serves Weaverville and adjacent territory in Trinity County. Power requirements to serve the district are purchased from PG&E on Schedule R-Resale Service.

Power is obtained from a 60 kV line connecting Redding and Eureka. CP National's substation has two 3,740 kilovolt ampere (KVA) transformers, one supplying the 2.4 kV distribution and the other supplying the 12.5 kV distribution. There are approximately 124 wire miles in the Weaverville distribution system.

Rate Increase Requests

In its original applications, CP National's proposed rates for its five districts were designed to increase annual revenues over those produced by presently authorized rates based on test year 1981 operations as follows: Lassen Electric District, \$1,157,900 or 17.6 percent; Needles Electric District, \$394,400 or 18.6 percent; Needles Gas District, \$130,700 or 20.4 percent; South Lake Tahoe Gas District, \$588,900 or 7.1 percent; and Weaverville Electric District, \$114,600 or 10.9 percent. Each rate increase reflected a requested rate of return on rate base of 12.78 percent. This rate of return was based on an embedded cost of debt of 8.98 percent, an embedded cost of preferred stock of 9.75 percent, and a cost of common stock equity of 18.3 percent.

When hearings commenced in this consolidated proceeding, however, CP National revised its requested rate increases to reflect two changes which had taken place since the applications had been filed: (1) a decline in the cost of capital and (2) revisions of CP National's capital budget. The improved market conditions resulted in a downward revision of CP National's requested return on common stock equity to 14.5 percent. The latter change led CP National to adopt the staff's rate base estimates which had been based on CP National's revised capital budget. The requested increases in annual revenue were in turn reduced to the following: Lassen Electric District, \$764,200 or 8.5 percent; Needles Electric District, \$290,300 or 13.7 percent; Needles Gas District, \$92,200 or 12.9 percent; South Lake Tahoe Gas District, \$419,400 or 4.1 percent; and Weaverville Electric District, \$81,500 or 7 percent. (Tr. 16-18.)

Discussion

During hearings in these proceedings, CP National agreed to stipulate to the staff's estimates and recommendations on all of the issues relating to its rate increase requests except: (1) rate of return on common stock equity; (2) estimated sales for the Lassen Electric District; and (3) electric rate design for the Lassen and Weaverville Electric Districts. CP National entered the stipulation detailed in the jointly sponsored late-filed Exhibit 52 because the staff's estimates were based in many instances on more recent data, the differences between CP National's and the staff's expense estimates for test year 1981 were generally small,^{1/} and CP National was desirous of expediting decision in the applications.^{2/}

Rate of Return

While the staff and CP National agreed on capital ratios and the cost of senior securities, they disagreed on the return on common stock equity which CP National should be allowed the opportunity to earn. CP National's proposed return on equity of 14.5 percent contrasts with the staff's recommendation of 13.2 percent. Increases in both of these figures result if, as recommended by the staff, a bonus of 20 basis points is added to the return on equity in recognition of CP National's considerable conservation efforts. CP National and the staff agree that an allowance for attrition should be made effective January 1, 1982. While the parties concur in the method of calculating this allowance, the eventually adopted rate of return will determine the actual amount of the allowance for each district.

1/ CP National estimates that there was only a \$210,000 aggregate difference between the staff's and CP National's expense estimates for test year 1981.

2/ Exhibit 25 and a supplement to late-filed Exhibit 52 reflect revisions of CP National's Preliminary Statement to its tariffs. These changes relate to the calculation of energy, rates for CP National's electric districts, and the Supply Adjustment Mechanism accounting procedures and recovery applicable to CP National's gas districts. The changes were agreed to by the staff and CP National and will be adopted herein.

Return on Common Stock Equity

Both the staff's and CP National's witnesses on this issue agreed that the determination of an appropriate rate of return on common stock equity requires considerable judgment. Nevertheless, CP National's witness (O'Connor) attempted to reduce the question of return on equity to a mathematical formula (Capital Asset Pricing (CAP) Model).^{3/} (Exhibits 1, 5, and 20.) The exclusive use of this model, however, has the following problems:

Because the CAP model is influenced primarily by the treasury bill (T-bill) rate, any changes in this rate will have a significant effect on the resulting rate of return on equity produced by the model. This effect is illustrated by the substantial change made during these proceedings in CP National's requested return on equity. Shortly after CP National filed its applications, T-bill rates declined dramatically. In less than four months the T-bill rate used by witness O'Connor had dropped from 13.8 percent to 9.2 percent. Because CP National was relying on the CAP model, it was necessary for CP National to lower its request for an 18.3 percent return on equity to 14.5 percent.

Despite witness O'Connor's desire to determine rate of return on the objective basis of a mathematical formula, the CAP model does, in fact, require the exercise of an expert's judgment. In particular, judgment is required in choosing the appropriate T-bill rate and beta factor variables to be used in the formula. Witness O'Connor testified that he selected the interest rate for 90-day T-bills to be delivered at the end of June 1981 because he

^{3/} It appears from the testimony that the CAP model involves application of a formula with two principal variables: a T-bill rate and a beta factor. According to Exhibit 1, sponsored by CP National, CP National's "beta" is a statistical measurement of its "degree of riskiness."

believed that the futures market in T-bills provided a reasonable estimate of 1981 T-bill rates. Because other T-bill rates could have been chosen, staff counsel argued in his brief that "using the \overline{CAP} model at best replaces making informed estimates of required rates of return on equity to making estimates of future interest rates."

Staff witness Gardner testified that her recommended rate of return on equity was not based on a mathematical formula, but rather on informed judgment following a careful analysis of many factors which affect the cost of equity capital. (Exhibit 39.) These factors included the business and financial risks faced by CP National, the comparative returns available on other investments of similar risk, and the trends in interest rates. Based on this analysis, the staff concluded that CP National's requested return was excessive and that a 13.2 percent return would adequately reflect CP National's cost of equity capital in test year 1981.

The staff recognized that its recommendation, although a substantial increase from CP National's presently authorized return of 12.21 percent, was still less than those currently authorized for major California energy utilities. Despite this discrepancy, witness Gardner reasoned that a 13.2 percent return properly reflected CP National's lower business and financial risks. According to the staff, this lower degree of risk results from CP National's being primarily a distribution system generating less than 2 percent of its total electric sales. Consequently, because CP National has no plans to build any major power plants, it will not be faced with the enormous capital requirements, delays in plant certification, and operational difficulties that major California energy utilities will encounter. Additionally, the staff believes that CP National's increasing equity ratio^{4/} will reduce leverage and provide greater earnings protection

^{4/} CP National is planning two common stock offerings totaling 950,000 shares.

to current and future bondholders. The staff also concludes that its recommended step increases in 1982 for operational and financial attrition should allow CP National a reasonable opportunity to earn its authorized rate of return in 1982.

We agree with the staff that CP National's requested rate of return on equity is too high and question the significance of a figure derived solely from the CAP model. We do not believe, however, that the staff's recommended return on equity of 13.2 percent is sufficient to attract capital at a reasonable cost and maintain CP National's credit. We are also concerned that such a figure is not consistent with our most recent rate decisions for other California energy utilities. At the present time, the authorized returns on equity for PG&E, an AA-rated company, and San Diego Gas & Electric Company (SDG&E), a Baa-rated company, are 14.1 percent and 14.5 percent, respectively. Perhaps more significantly, since the present applications were submitted, we have authorized the following rates of return on equity: 14.0 percent, Pacific Power and Light Company (Decision No. 92411 issued November 18, 1980); 14.6 percent, Southern California Gas Company (SoCal) (Decision No. 92497 issued December 5, 1980); 14.95 percent, Southern California Edison Company (Edison) (Decision No. 92549 issued December 30, 1980); and 14.3 percent, Southwest Gas (Decision No. 92507 issued December 16, 1980). ✓

While the majority of the preceding utilities are involved in generation or production of a significant part of their electric or gas requirements, Southwest, like CP National, purchases almost all of its energy requirements. Nevertheless, present market conditions

still mandated that Southwest be given the opportunity to earn a 14.3 percent rate of return on common stock equity. Additionally, the record reflects the significant effort made by CP National to achieve and implement a better managed company, as well as an effective and commendable conservation program. Under these circumstances, even accepting the staff's analysis of CP National's business and financial risks in comparison with other California utilities, we conclude that a rate of return on common equity of 14.20 percent must be adopted for all of CP National's districts involved in this proceeding. The staff's and CP National's recommended capitalization ratios and cost of long-term debt and preferred stock are also adopted. The final adopted rate of return is shown in Table 1.

TABLE 1

Adopted Rate of Return

<u>Component</u>	<u>Capitalization Ratios</u>	<u>Cost</u>	<u>Weighted Cost</u>
Long-Term Debt	51.50%	8.20%	4.22%
Preferred Stock	8.50	9.39	0.80
Common Stock Equity	<u>40.00</u>	14.20	<u>5.68</u>
Total	100.00%		10.70%

Conservation Efforts

In Decision No. 90597 issued in Order Instituting Investigation No. 14, the Commission's investigation into CP National's California electric service, we stated in Ordering Paragraph 3:

"CP National shall proceed immediately and aggressively to implement its proposed conservation program, as well as the additional measures found necessary or reasonable in the findings above. Failure to do so may result in an adjustment in rate of return in CP National's next general rate increase application...."

As staff witness Grove indicated in his testimony, CP National since its last general rate case has met the Commission's mandate. In Exhibit 40 the staff concluded: "CPN has taken vigorous, imaginative, and effective steps in its conservation efforts and should be commended." (Exhibit 40, p. 9-2.)

In later oral testimony, staff witness Grove specifically identified the form which this commendation should take. It was his recommendation that a bonus of 20 basis points or \$30,000 be added to the rate of return on common stock equity. (Tr. 197.) The staff concluded that this figure was reasonable based particularly on the following: (1) The effort made by CP National to reduce costs through conservation in its Needles, South Lake Tahoe, Lassen, and Weaverville Districts (Exhibit 40); (2) the extra effort made by CP National's conservation manager, Philip Carman, in developing CP National's conservation programs and providing information to the Commission enabling the staff to measure the cost effectiveness of those programs; and (3) the willingness demonstrated by CP National to initiate Residential Conservation Service (RCS)^{5/} Program audits ahead of the

^{5/} On November 7, 1979, the Federal Department of Energy (DOE) issued final rules implementing the RCS Program pursuant to the National Energy Conservation Policy Act. On June 4, 1980, the State Plan for the RCS Program was submitted to DOE.

RCS timetable, despite CP National's exemption from the RCS requirements. Witness Grove believes that this latter action revealed a strong desire by CP National to move forward in its conservation efforts. (Tr. 197.)

We agree with the staff that CP National's conservation efforts have been most commendable. We do not find, however, that a sufficient record has been developed in this proceeding to justify the addition of the specific bonus recommended by the staff to CP National's return on equity. To date no specific guidelines for achieving such a bonus have been set either for CP National itself or for the utilities which we regulate in general. Because the concept of a bonus for conservation is appropriate, however, we will order the staff and CP National to work together to develop specific goals or guidelines which may provide an objective basis for a positive adjustment in rate of return in the future.

Attrition Allowance

The purpose of an attrition allowance is to give recognition to costs occurring beyond the test year over which the utility has little or no control. Operational attrition is defined as the decline in the rate of return in the years following the test year caused by increases in expenses and rate base which are not offset by increases in productivity and/or revenue. (See, e.g., Exhibit 34.) For ratemaking purposes, financial attrition is the change in a utility's cost of long-term debt and preferred stock due to the issuance or retirement of senior securities. Financial attrition which will occur in the year following the test year can be estimated from the utility's projections of future financing. (Exhibit 39.) In this proceeding both the staff and CP National recommend that the Commission adopt an allowance for operational and financial attrition to be implemented on January 1, 1982, for the year following test year 1981. While the staff and CP National agreed on the method of calculating this allowance, the actual allowance recommended by the parties varied as a result of their different rate of return recommendations.

Recently, attrition allowances have been authorized for both SoCal (Decision No. 92497) and Edison (Decision No. 92549). Similarly, we believe an attrition allowance for each of CP National's energy districts, to be effective January 1, 1982, is appropriate in this proceeding. Such an allowance has the desired effect of lessening the need for repeated rate cases. The adopted attrition allowance for each district, shown in Table 2, differs, however, from both the staff's and CP National's recommendations since it is based on our adopted return on equity of 14.2 percent. We would also note that these allowances are authorized with the understanding that, barring severe financial emergency, further general rate relief for CP National's gas and electric districts will not be considered until test year 1983.

On the issue of an attrition allowance, however, one problem remains: the procedure necessary to give effect after one year to the single-step increases. In both the Edison and SoCal decisions, we rejected the staff's proposed procedure for effecting the step increases. That procedure, like the one proposed by the staff in this proceeding, would require an advice letter filing including CP National's results of operations for test year 1981 based on recorded and estimated data. Staff review of this data would be made, followed by a recommendation to the Commission and issuance by us of a resolution approving a step increase if one is required. We determined in both decisions that this procedure could lead to protracted hearings (requested by parties upon publication of the staff's report and recommendations) which might in turn jeopardize, rather than facilitate, the Regulatory Lag Plan. We therefore concluded that the step rates would automatically take effect.

With respect to CP National, it is unlikely that either party to the proceeding (the staff or CP National) would request a hearing on the step increases. Further, CP National is not among the utilities subject to the Regulatory Lag Plan. Because the operations of CP National are also considerably smaller than those of either Edison or SoCal, we do not believe it would be too time-consuming nor would it defeat the purpose of the attrition allowance to follow the staff's recommended procedure in this case. Additionally, the staff's procedure recommended here requires two months less recorded data and therefore contemplates an earlier filing date than that recommended in the Edison and SoCal rate cases. This circumstance will in turn mean earlier staff review. We therefore adopt the staff's procedure requiring CP National to file an advice letter with the Commission based on six months recorded and six months estimated results of operations for the 1981 test year. If staff review shows that CP National will not exceed its allowed rate of return, the step rate increase will be implemented on January 1, 1982.

TABLE 2

CP National
Adopted Attrition Allowance
Year 1982

<u>Description</u>	<u>Lassen Electric District</u>	<u>Weaverville Electric District</u>	<u>Needles Electric District</u>	<u>South Lake Tahoe Gas District</u>	<u>Needles Gas District</u>
Operational Attrition from Increases In:					
Revenues	\$ (43,484)	\$ (14,754)	\$ (16,181)	\$ 0	\$ 0
Oper. & Main. Expenses	120,306	23,385	42,938	102,119	20,541
Plant (Rate Base) ^{1/}	<u>165,162</u>	<u>17,188</u>	<u>17,639</u>	<u>7,970</u>	<u>5,482</u>
Total Operational Attrition	241,984	25,819	44,396	110,089	26,023
Net Operating Revenue Level	115,930	12,299	21,103	52,810	12,375
Rate of Return From:					
Operational Attrition	1.38	1.03	0.86	1.18	1.62
Financial Attrition	<u>0.09</u>	<u>0.09</u>	<u>0.09</u>	<u>0.09</u>	<u>0.09</u>
Total	1.47	1.12	0.95	1.27	1.72
Test Year Rate Base	8,423,400	1,198,500	2,454,600	4,477,200	763,100
Effect on Operating Income	123,865	13,428	23,208	57,027	13,093
Total Attrition Allowance	\$ 258,547	\$ 28,189	\$ 48,825	\$ 118,881	\$ 27,534

(Red Figure)

1/ Revenue based on return plus income tax on equity portion.

Lassen Electric District Sales

Despite the extensiveness of the staff's and CP National's stipulation, the two parties could not agree on the correct estimate of the 1981 test year sales for the Lassen Electric District. As pointed out by staff counsel, the difference between the two estimates is a direct result of different forecasting methods. CP National's witness chose to base his estimate on trending recorded data for the last five years ("least squares trending"). (Exhibits 5 and 6.) The staff used a method which requires the determination and isolation of variables which can affect sales, such as weather, price, and general economic conditions. These variables are then incorporated in a multiple regression technique "which estimates sales as a function" of those variables. (Exhibit 34, Tr. 172-179.)

Both staff and CP National argue for the reliability of the respective methods used by their witnesses. In CP National's last rate cases involving these districts, we adopted sales estimates based alone on trending of recorded data. We believe, however, that the staff's present method of estimating sales appears to be a further refinement of that method and may in turn lead to more precise estimates and results. Staff counsel in his brief points to several instances in CP National's testimony where apparent inconsistencies have been produced by CP National's reliance solely on trending of recorded data. These inconsistencies included estimated sharp decreases in customer usage for 1980 and test year 1981 despite gradual increases in usage during the preceding years, as well as a significant understatement of industrial sales for 1979 when only three months of that year required estimation. (Tr. 132-137.) Additionally, although CP National takes issue with the staff's sales estimates for the Lassen Electric District, the staff's method was found by CP National to produce acceptable estimates for both the Weaverville and Needles Electric Districts.

For these reasons, we adopt the staff's estimate of sales for the Lassen Electric District.

Summary of Earnings

Tables 3 through 7 set forth the summary of earnings for each of CP National's districts for test year 1981 (1) at rates presently in effect, (2) at the staff's and CP National's proposed rates of return, and (3) at the adopted rate of return. Table 3 reflects the difference in sales estimates for Lassen Electric District at present and proposed rates. The adopted summary of earnings reflects our adoption of the staff's sales estimate for that district. Finally, Table 8 sets forth the increase in annual revenues for test year 1981 over those produced by present rates based on our adopted rate of return for all districts and our adopted sales estimate for the Lassen Electric District.

TABLE 3

CP National
Summary of Earnings
Test Year 1981

Lassen Electric District

Description	Present Rates		Proposed Rates		Adopted
	Staff	Utility	Staff	Utility	
Operating Revenues					
Basic Rates	\$2,279,637	\$2,216,770	\$2,656,392	\$2,747,857	\$2,712,656
Miscellaneous	56,600	56,600	56,600	56,600	56,600
Total Operating Revenues	2,336,237	2,273,370	2,712,992	2,804,457	2,769,256
Operating Expenses					
Transmission	6,500	6,500	6,500	6,500	6,500
Distribution	343,100	343,100	343,100	343,100	343,100
Customer Service and Info.	100,700	100,700	100,700	100,700	100,700
Sales	0	0	0	0	0
Customer Accounts Without Uncollectibles	205,400	205,400	205,400	205,400	205,400
Uncollectibles	14,695	14,299	17,065	17,640	17,419
Administrative and General	545,700	545,700	545,700	545,700	545,700
City & County Franchise	28,736	27,962	33,370	34,495	34,062
Subtotal	1,244,831	1,243,661	1,251,835	1,253,535	1,252,881
Book Depreciation	426,100	426,100	426,100	426,100	426,100
Taxes Other than Income	144,700	144,700	144,700	144,700	144,700
State Corp. Franchise Tax	0	0	32,532	41,153	37,833
Federal Income Tax	(39,845)	(68,211)	(16,523)	20,818	6,439
Total Operating Expenses	1,775,786	1,746,250	1,838,644	1,886,306	1,867,953
Net Operating Revenues	560,451	527,119	874,349	918,151	901,304
Rate Base	8,423,400	8,423,400	8,423,400	8,423,400	8,423,400
Rate of Return	6.65%	6.26%	10.38%	10.90%	10.70%

(Red Figure)

TABLE 4

CP National
Summary of Earnings
Test Year 1981
Needles Electric District

<u>Description</u>	<u>Present Rates</u>	<u>Proposed Rates</u>		<u>Adopted</u>
		<u>Staff</u>	<u>Utility</u>	
Operating Revenues				
Basic Rates	\$ 707,707	\$ 933,201	\$ 960,054	\$ 949,726
Miscellaneous	<u>27,800</u>	<u>27,800</u>	<u>27,800</u>	<u>27,800</u>
Total Operating Revenues	735,507	961,001	987,854	977,526
Operating Expenses				
Transmission	4,600	4,600	4,600	4,600
Distribution	122,900	122,900	122,900	122,900
Customer Service and Info.	31,300	31,300	31,300	31,300
Sales	0	0	0	0
Customer Accounts Without Uncollectibles	73,000	73,000	73,000	73,000
Uncollectibles	4,619	6,035	6,204	6,139
Administrative and General	190,900	190,900	190,900	190,900
City & County Franchise	<u>14,710</u>	<u>19,220</u>	<u>19,757</u>	<u>19,551</u>
Subtotal	442,029	447,955	448,661	448,390
Book Depreciation	137,500	137,500	137,500	137,500
Taxes Other than Income	51,300	51,300	51,300	51,300
State Corp. Franchise Tax	0	18,984	21,494	20,529
Federal Income Tax	<u>(16,694)</u>	<u>50,474</u>	<u>61,347</u>	<u>57,165</u>
Total Operating Expenses	614,135	706,213	720,302	714,884
Net Operating Revenues	121,372	254,787	267,551	262,642
Rate Base	2,454,600	2,454,600	2,454,600	2,454,600
Rate of Return	4.94%	10.38%	10.90%	10.70%

(Red Figure)

TABLE 5

CP National
 Summary of Earnings
 Test Year 1981
 Needles Gas District

	<u>Present Rates</u>	<u>Proposed Rates</u>		<u>Adopted</u>
		<u>Staff</u>	<u>Utility</u>	
Operating Revenues				
Basic Rates	\$281,800 ^{1/}	\$360,102	\$368,447	\$365,237
Miscellaneous	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>
Total Operating Revenues	285,300	363,602	371,947	368,737
Operating Expenses				
Transmission	0	0	0	0
Distribution	75,900	75,900	75,900	75,900
Customer Service and Info. Sales	16,300 0	16,300 0	16,300 0	16,300 0
Customer Accounts Without Uncollectibles	32,400	32,400	32,400	32,400
Uncollectibles	1,672	2,131	2,180	2,161
Administrative and General City & County Franchise	77,200 <u>5,706</u>	77,200 <u>7,272</u>	77,200 <u>7,439</u>	77,200 <u>7,375</u>
Subtotal	209,178	211,203	211,419	211,336
Book Depreciation	36,000	36,000	36,000	36,000
Taxes Other than Income	22,100	22,100	22,100	22,100
State Corp. Franchise Tax	0	4,666	5,446	5,146
Federal Income Tax	<u>(14,818)</u>	<u>10,424</u>	<u>13,804</u>	<u>12,504</u>
Total Operating Expenses	252,460	284,393	288,769	287,086
Net Operating Revenues	32,840	79,210	83,178	81,652
Rate Base	763,100	763,100	763,100	763,100
Rate of Return	4.30%	10.38%	10.90%	10.70%

(Red Figure)

^{1/} Based on Supply Adjustment Mechanism Revenues.

TABLE 6

CP National
Summary of Earnings
Test Year 1981
South Lake Tahoe Gas District

Description	Present Rates	Proposed Rates		Adopted
		Staff	Utility	
Operating Revenues				
Basic Rates	\$1,567,700 ^{1/}	\$1,936,003	\$1,984,536	\$1,965,869
Miscellaneous	500	500	500	500
Total Operating Revenues	1,568,200	1,936,503	1,985,036	1,966,369
Operating Expenses				
Transmission	0	0	0	0
Distribution	202,300	202,300	202,300	202,300
Customer Service and Info.	99,500	99,500	99,500	99,500
Sales	400	400	400	400
Customer Accounts Without Uncollectibles	218,800	218,800	218,800	218,800
Uncollectibles	11,479	14,175	14,530	14,394
Administrative and General	501,500	501,500	501,500	501,500
City & County Franchise	15,682	19,365	19,850	19,664
Subtotal	1,049,661	1,056,040	1,056,880	1,056,558
Book Depreciation	204,400	204,400	204,400	204,400
Taxes Other than Income	77,300	77,300	77,300	77,300
State Corp. Franchise Tax	0	31,380	35,958	34,197
Federal Income Tax	(27,402)	102,649	122,482	114,854
Total Operating Expenses	1,303,959	1,471,769	1,497,020	1,487,309
Net Operating Revenues	264,241	464,733	488,015	479,060
Rate Base	4,477,200	4,477,200	4,477,200	4,477,200
Rate of Return	5.90%	10.38%	10.90%	10.70%

(Red Figure)

^{1/} Based on Supply Adjustment Mechanism Revenues.

TABLE 7

CP National
Summary of Earnings
Test Year 1981
Weaverville Electric District

<u>Description</u>	<u>Present Rates</u>	<u>Proposed Rates</u>		<u>Adopted</u>
		<u>Staff</u>	<u>Utility</u>	
Operating Revenues				
Basic Rates	\$ 400,055	\$ 417,357	\$ 430,440	\$ 425,408
Miscellaneous	<u>19,300</u>	<u>19,300</u>	<u>19,300</u>	<u>19,300</u>
Total Operating Revenues	419,355	436,657	449,740	444,708
Operating Expenses				
Transmission	0	0	0	0
Distribution	68,500	68,500	68,500	68,500
Customer Service and Info.	10,300	10,300	10,300	10,300
Sales	300	300	300	300
Customer Accounts Without Uncollectibles	47,200	47,200	47,200	47,200
Uncollectibles	1,753	1,825	1,880	1,859
Administrative and General	101,700	101,700	101,700	101,700
City & County Franchise	<u>8,387</u>	<u>8,733</u>	<u>8,995</u>	<u>8,894</u>
Subtotal	238,140	238,558	238,875	238,753
Book Depreciation	53,500	53,500	53,500	53,500
Taxes Other than Income	23,400	23,400	23,400	23,400
State Corp. Franchise Tax	1,681	3,302	4,528	4,057
Federal Income Tax	<u>0</u>	<u>(6,508)</u>	<u>(1,199)</u>	<u>(3,241)</u>
Total Operating Expenses	316,721	312,252	319,104	316,469
Net Operating Revenues	102,634	124,404	130,637	128,239
Rate Base	1,198,500	1,198,500	1,198,500	1,198,500
Rate of Return	8.56%	10.38%	10.90%	10.70%

(Red Figure)

TABLE 8

CP National
Increase in Total Revenues
Test Year 1981

<u>District</u>	<u>Amount</u> (\$000)	<u>Percent Increase</u>
Lassen	\$433	4.5%
Needles Electric	242	10.8
Needles Gas	83 ^{1/}	11.5
South Lake Tahoe	398 ^{1/}	3.9
Weaverville	25	1.7

^{1/} Based on Supply Adjustment Mechanism Revenues.

Electric Rate Design

In this proceeding CP National proposes to continue its presently effective electric rate design for residential sales in its Lassen, Weaverville, and Needles Electric Districts. This rate design allows CP National to collect all of its residential base rates in the lifeline usage block. In adopting this rate design in the last general rate cases involving these three districts, we observed:

"In this proceeding, applicant and the staff (with some minor differences) have proposed a new rate design for residential electric sales which will aid in reducing the effects of declining sales on revenue, promote conservation, and not disadvantage the utility's ratepayers." (Decision No. 90600 at p. 9; see, also, Decision No. 90647 at pp. 8-9; and Decision No. 90648 at p. 9.)

This rate design was again endorsed by the staff in this proceeding for CP National's Needles Electric District. For CP National's Lassen and Weaverville Electric Districts, however, the staff proposed that a small portion of residential base rate revenue be placed in the nonlifeline block for these two districts. (Exhibit 49.)

Staff's argument in favor of this modification is based on a belief that there may still be eligible customers who have yet to apply for their lifeline allowances. Should these customers apply for lifeline in test year 1981, the amount of base rate revenues collected would increase as the result of lifeline sales exceeding test year estimates. Staff counsel also asserts that distributing base rates over both lifeline and nonlifeline sales will make it easier to establish the proper ratios between lifeline and nonlifeline rates.

We are not persuaded by these arguments to alter the rate design for the Lassen and Weaverville Electric Districts. According to CP National, with either rate design a ratio of 1.35 to 1.50 between lifeline and nonlifeline can be maintained (Exhibits 23 and 24), and the staff's recommendations on marginal cost pricing can be observed. Further, it is likely that the present rate design has contributed to CP National's presently effective conservation effort. Assurance of recovery of base rate revenues through lifeline is an incentive to CP National to promote energy efficiency and reduction of electric usage. The staff's concern regarding increased lifeline sales is not a sufficient reason to alter this presently successful approach. ✓

Although the Administrative Law Judge requested and received from CP National a three-tier rate design for residential sales, the two-tier rates proposed and recommended by both CP National and the staff are consistent with our recent decisions involving Edison (Decision No. 92549) and Pacific Power & Light Company (Decision No. 92411) and will be adopted. The rate designs proposed by the staff and agreed to by CP National for Needles and South Lake Tahoe Gas Districts, including three-tier residential rates, are also consistent with present Commission policy (Decision No. 92507, Southwest and Decision No. 92497, SoCal).

Findings of Fact

1. CP National requests the following rate increases for its California gas and electric service: Lassen Electric District (Application No. 59548), 8.5 percent or \$764,500; Needles Electric District (Application No. 59549), 13.7 percent or \$290,300; Needles Gas District (Application No. 59550), 12.9 percent or \$92,200; South Lake Tahoe Gas District (Application No. 59551), 4.1 percent or \$419,400; and Weaverville Electric District (Application No. 59552), 7 percent or \$81,500.

2. Properly noticed hearings in these applications were held at which all interested parties had an opportunity to be heard.

3. A rate of return on common stock equity of 14.2 percent and an overall rate of return of 10.70 percent for the test year 1981 is reasonable. ✓

4. For all of CP National's gas and electric districts at issue here, the staff's estimates of operating expense and rate base for each district for the test year 1981 reasonably indicate the results of CP National's operations in those districts and should be adopted.

5. The customer charges proposed by the staff for each of CP National's districts are reasonable.

6. The rate designs proposed by the staff for the Needles Electric District, South Lake Tahoe Gas District, and Needles Gas District are reasonable and should be adopted. The residential rate designs proposed by CP National for its Lassen and Weaverville Electric Districts are reasonable and should be adopted. Commercial, industrial, and streetlighting rate designs recommended by the staff for each electric district are reasonable and should be adopted.

7. The rate designs adopted herein will contribute to conservation and reflect policies adopted by this Commission.

8. The provisions of CP National's tariff Preliminary Statement relating to the Supply Adjustment Mechanism for CP National's gas districts and the calculation of Energy Rates for its electric districts should be revised as stipulated by the staff and CP National.

9. The rates and rate designs adopted herein will produce the following estimated additional annual revenues over present rates for test year 1981: Lassen Electric District, \$433,000; Needles Electric District, \$242,000; Needles Gas District, \$83,000; South Lake Tahoe Gas District, \$398,000; and Weaverville Electric District, \$25,000.

10. An allowance for operational and financial attrition for each of CP National's districts, as shown in Table 2, may be necessary to reflect increasing costs outside of CP National's control in the year following test year 1981. Authorization of this allowance, following procedures recommended by the staff, should eliminate the necessity of general rate relief being sought by CP National for any of its affected districts sooner than test year 1983.

11. The conservation program and recommendations outlined by the staff in Exhibit 40 are reasonable and should be vigorously pursued by CP National. Close coordination between CP National and the staff with respect to implementation of CP National's conservation program should be continued and should include the development of goals or guidelines by which any positive adjustment in CP National's rate of return for its conservation efforts can be measured.

12. The increase in rates and charges authorized by this decision for each of CP National's California gas and electric districts is justified and is reasonable; and the present rates and charges, insofar as they differ from those prescribed by this decision, are for the future unjust and unreasonable.

13. Because there is an immediate need for the rate relief authorized by this decision, the effective date of the following order should be the date of signature.

14. Because the rate increase applications filed by CP National for each of its California energy districts have been acted on by this decision, CP National's motion for interim relief should be denied.

Conclusion of Law

CP National should be authorized to place into effect the increased rates found to be just and reasonable in the findings set forth above.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, CP National Corporation (CP National) is authorized to file, for each of its California gas and electric districts, revised rate schedules in accordance with Appendices A (electric) and B (gas) attached to this order and concurrently to withdraw and cancel its presently effective schedules. Such filings shall comply with General Order No. 96-A. The revised schedules shall be effective five days after the date of filing and shall apply only to service rendered on and after the effective date thereof.


2. CP National shall implement the conservation program set forth in Exhibit 40 received in this proceeding and shall continue to closely coordinate its efforts with the Commission staff. CP National and the staff are further directed to develop goals or guidelines by which any positive adjustment for CP National's conservation efforts can be measured.


3. For each of its districts involved herein, CP National is authorized to file an advice letter for the attrition allowance for 1982 set forth in Table 2. CP National shall follow the procedures outlined by the staff in Exhibits 34 through 38 received in this proceeding.

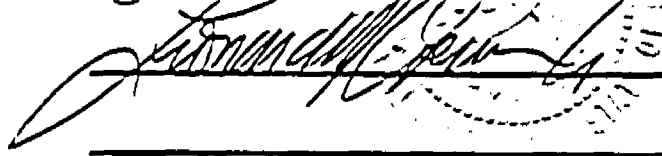
4. The motion for interim relief filed by CP National in these applications is denied.

The effective date of this order is the date hereof.

Dated FEB 18 1981, at San Francisco, California.



President




Commissioners

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CP NATIONAL ELECTRIC RATES

CP National's rate schedules shall be revised as follows:

PRELIMINARY STATEMENT

D. ENERGY RATES

1. Energy Rates to recover the total cost of purchased power will be included in each of the Utility's rate schedules.
2. Energy Rates shall be set as follows:
 - a. The Energy Rates will be changed only upon prior approval of the Commission either in a general rate case or in response to the Utility's advice letter filings.
 - b. The Utility may file for a change in the Energy Rate when required, but not sooner than four months after the date of the previous filing.
 - c. Advice filings to change the Energy Rate shall derive the requested rates utilizing the latest calendar year recorded (test year) purchases, sales, uncollectible accounts expense and franchise tax expense for each district as follows:
 - (1) Derive the revenue requirement to recover current purchased energy costs by repricing test year purchases on the latest purchased energy rate or tariff.
 - (2) Derive an annualized revenue requirement to clear the current Purchased Power Cost Balancing Account as determined in F.3. The annualized revenue requirement to clear this account may utilize an amortization period as required to minimize this balance in the Purchased Power Cost Balancing Account.
 - (3) Derive a total revenue requirement by combining the amounts calculated in c.1 and c.2 and adjusting for gross revenue deductions including franchise tax expense and uncollectible accounts expense.
 - (4) Derive the average cent per Kwhr Energy Rate required by dividing the amount calculated in c.3. by the test year Kwhr sales. The actual Energy Rate for lifeline, non-lifeline and other schedules will be in accordance with Commission policy at the time of filing.

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CP NATIONAL ELECTRIC RATES

PRELIMINARY STATEMENT

F. PURCHASED POWER COST BALANCING ACCOUNT

1. Purpose

The purpose of this Balancing Account Provision is to carry out the provisions of Assembly Bill No. 2548, which added Section 792.5 to the Public Utilities Code.

2. Applicability

This Balancing Account Provision shall be applicable to all purchased power costs and all revenues from Energy Rates.

3. The Utility shall maintain a Purchased Power Cost Balancing Account for each district. Entries shall be made to this Account at the end of each month as follows:

- a. A debit entry equal to the invoiced purchased power cost for the month (in the case of Needles the allocated Purchased Power Cost), less
- b. A credit entry equal to the revenues from Energy Rates, adjusted for the percentage utilized in setting the Energy Rates for franchise taxes and uncollectible accounts expense; plus
- c. A debit entry, if positive (credit entry, if negative) of interest at the rate of 1/12 of the most recent month's interest rate on Commercial Paper plus 50 basis points (prime, 3 month), published in the Federal Reserve Statistical Release G.13, of the average amount in the Account for the current month. The average balance shall be calculated by adding the current month's beginning balance and ending balance and dividing by 2.

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CP NATIONAL ELECTRIC RATES

LASSEN DISTRICT

Schedule D-110, D-113 - Residential Service and
DML-124 - Multi-Family Service (Not Submetered)

RATES	<u>Per Meter</u> <u>Per Month</u>
Service Charge:	\$2.50
Commodity Charge:	
Lifeline Kwhr, per Kwhr	.05196
Nonlifeline Kwhr, per Kwhr	.07875
Energy Rates:	
Included in the Commodity Charge above are the following Energy Rates as specified in Part D of the Preliminary Statement:	
Lifeline Kwhr, per Kwhr	.02078
Nonlifeline Kwhr, per Kwhr	.07875

Schedule DSL-123 - Multi-Family Residential Service (Submetered)

RATES	
Service Charge:	\$2.50
Commodity Charge:	
Lifeline Kwhr, per Kwhr	.04676
Nonlifeline Kwhrs, per Kwhr	.07875
Energy Rates:	
Included in the Commodity Charge above are the following Energy Rates as specified in Part D of Preliminary Statement:	
Lifeline Kwhr, per Kwhr	.01870
Nonlifeline Kwhr, per Kwhr	.07875

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CP NATIONAL ELECTRIC RATES
LASSEN DISTRICT

Schedule A-120 - General Service

RATES	<u>Per Meter Per Month</u>
Service Charge:	\$2.50
Commodity Charge:	
First 10,000 Kwhr, per Kwhr	.07564
Next 150 Kwhr per Kw of Billing Demand, per Kwhr*	.05849
Excess Kwhr, per Kwhr	.05228
Energy Rates:	
Included in the Commodity Charge, above, is an Energy Rate of \$.0504 per Kwhr as specified in Part D of the Preliminary Statement.	
*Where a demand meter is not installed, all energy above 10,000 Kwhrs will be billed at this rate.	

Schedule P-130 - Agricultural Pumping Service

RATES	
Service Charge:	
All hp, per hp per year	\$14.39
Commodity Charge:	
All Kwhr, per Kwhr	.05783
Energy Rates:	
Included in the Commodity Charge, above, is an Energy Rate of \$.0504 per Kwhr as specified in part D of the Preliminary Statement.	

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CP NATIONAL ELECTRIC RATES
LASSEN DISTRICT

Schedule T-170 - General Power Service - Time Metered

RATES	<u>Per Meter</u> <u>Per Month</u>
Service Charge:	\$230.00
Demand Charges:	
Period A, per Kw of Billing Demand	2.89
Period B, per Kw of Billing Demand	0.00
Commodity Charge:	
Period A Kwhr, per Kwhr	.05404
Period B Kwhr, per Kwhr	.05304

Energy Rates:

Included in the Demand Charge and Commodity Charge, above are Energy Rates of \$.0432 per Kwhr for both Period A and Period B Kwhr and \$2.89 per Kw of billing demand for Period A only.

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CP NATIONAL ELECTRIC RATES
LASSEN DISTRICT

RATE
PER METER
PER MONTH

SCHEDULE 01-150 - OUTDOOR AREA LIGHTING

OVERHEAD

MERCURY VAPOR

7000 LU/ 65 KWHR	8.45
20000 LU/146 KWHR	15.18
<u>SODIUM VAPOR (SAME FOR UNNDERGROUND)</u>	

AREA LIGHTS

9500 LU/ 40 KWHR	6.80
22000 LU/ 78 KWHR	9.26
<u>FLOOD LIGHTS</u>	
22000 LU/ 78 KWHR	11.65
50000 LU/150 KWHR	15.91

UNDERGROUND

MERCURY VAPOR

7000 LU/ 65 KWHR	9.09
20000 LU/146 KWHR	15.81

ADDITIONAL CHARGE

0.89

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CP NATIONAL ELECTRIC RATES

LASSEN DISTRICT
RATE
PER METER
PER MONTH

SCHEDULE LS-154 STREET & HIGHWAY LIGHTING
(COMPANY OWNED)

OVERHEAD

INCANDESCENT

2500 LU/ 65 KWHR 5.72
MERCURY VAPOR

7000 LU/ 65 KWHR 8.66
20000 LU/146 KWHR 14.68

FLOURESCENT

20000 LU/146 KWHR 16.66
SODIUM VAPOR (SAME FOR UNDERGROUND)

9500 LU/ 40 KWHR 7.64
22000 LU/ 78 KWHR 10.32
50000 LU/150 KWHR 14.71

ADDITIONAL CHARGE 0.89

METAL POLE 2.77

SCHEDULE LS-156 STREET & HIGHWAY LIGHTING
(CUSTOMER OWNED)

MERCURY VAPOR

7000 LU/ 65 KWHR 6.02
SODIUM VAPOR

9500 LU/ 40 KWHR 3.39
22000 LU/ 78 KWHR 5.62
50000 LU/150 KWHR 9.87

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CP NATIONAL ELECTRIC RATES
NEEDLES DISTRICT

Schedule D-112 - Residential Service and
DMN-124 - Multi-Family Service (Not Submetered)

RATES	<u>Per Meter</u> <u>Per Month</u>
Service Charge:	\$2.50
Commodity Charge:	
Lifeline Kwhr, per Kwhr	.03259
Nonlifeline Kwhr, per Kwhr	.05180
Energy Rates:	
Included in the Commodity Charge above are the following Energy Rates as specified in Part D of the Preliminary Statement:	
Lifeline Kwhr, per Kwhr	.00312
Nonlifeline Kwhr, per Kwhr	.05180

Schedule DSN-123 - Multi-Family Residential Service (Submetered)

RATES	
Service Charge:	2.50
Commodity Charge:	
Lifeline Kwhr, per Kwhr	.02933
Nonlifeline Kwhr, per Kwhr	.05180
Energy Rates:	
Included in the Commodity Charge above are the following Energy Rates as specified in Part D of Preliminary Statement:	
Lifeline Kwhr, per Kwhr	.00281
Nonlifeline Kwhr, per Kwhr	.05180

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CP NATIONAL ELECTRIC RATES

NEEDLES DISTRICT

Schedule A-122 General Services

RATES	<u>Per Meter Per Month</u>
Service Charge:	
Single-phase	\$2.50
Poly-phase	4.40
Commodity Charge:	
All Kwhr, per Kwhr	.05717
Energy Rates:	
Included in the Commodity Charge, above, is an Energy Rate of \$.0362 per Kwhr as specified in Part D of the Preliminary Statement.	

Schedule P-132 - General Power Service

RATES	
Commodity Charge:	
All Kwhr, per Kwhr	.05764
Energy Rates:	
Same as in Schedule A-122.	

Schedule P-134 - Agricultural Pumping

RATES	
Service Charge:	
All hp, per hp, per year	\$11.00
Commodity Charge:	
All Kwhr, per Kwhr	.05248
Energy Rates:	
Same as in Schedule A-122.	

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CP NATIONAL ELECTRIC RATES
NEEDLES DISTRICT

RATE
PER METER
PER MONTH

SCHEDULE OL-152 - OUTDOOR AREA LIGHTING

OVERHEAD

MERCURY VAPOR

7000 LU/ 65 KW	6.64
20000 LU/146 KW	12.21
<u>SODIUM VAPOR (SAME FOR UNDERGROUND)</u>	

AREA LIGHTS

9500 LU/ 40 KW	6.50
22000 LU/ 78 KW	8.70
<u>FLOOD LIGHTS</u>	
22000 LU/ 78 KW	11.08
50000 LU/150 KW	14.82

UNDERGROUND

MERCURY VAPOR

7000 LU/ 65 KW	7.15
20000 LU/146 KW	12.72

ADDITIONAL CHARGE

0.89

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CP NATIONAL ELECTRIC RATES

NEEDLES DISTRICT

RATE
PER METER
PER MONTH

SCHEDULE LS-158 STREET & HIGHWAY LIGHTING
(COMPANY OWNED)

OVERHEADMERCURY VAPOR

7000 LU/ 65 KWHR	7.05
11000 LU/ 93 KWHR	9.13
20000 LU/146 KWHR	12.16
<u>SODIUM VAPOR (SAME FOR UNDERGROUND)</u>	

9500 LU/ 40 KWHR	7.34
22000 LU/ 78 KWHR	9.76
50000 LU/150 KWHR	13.62

<u>ADDITIONAL CHARGE</u>	0.89
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SCHEDULE LS-159 STREET & HIGHWAY LIGHTING
(CUSTOMER OWNED)

MERCURY VAPOR

20000 LU/146 KWHR	8.84
<u>SODIUM VAPOR</u>	

9500 LU/ 40 KWHR	3.16
22000 LU/ 78 KWHR	5.14
50000 LU/150 KWHR	9.07

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 CP NATIONAL ELECTRIC RATES
 WEAVERVILLE DISTRICT

Schedule D-111, Residential Service and
 DMW-124 - Multi-Family Service (Not Submetered)

RATES	<u>Per Meter Per Month</u>
Service Charge:	\$2.50
Commodity Charges:	
Lifeline Kwhr, per Kwhr	.04814
Nonlifeline Kwhr, per Kwhr	.07262
Energy Rates:	
Included in the Commodity Charge above are the following Energy Rates as specified in Part D of the Preliminary Statements:	
Lifeline Kwhr, per Kwhr	.02495
Nonlifeline Kwhr, per Kwhr	.07262

Schedule DSW-123 - Multi-Family Residential Service (Submetered)

RATES	
Service Charge:	\$2.50
Commodity Charges:	
Lifeline Kwhr, per Kwhr	.04333
Nonlifeline Kwhr, per Kwhr	.07262
Energy Rates:	
Included in the Commodity Charge above are the following Energy Rates as specified in Part D of Preliminary Statements:	
Lifeline Kwhr, per Kwhr	.02246
Nonlifeline Kwhr, per Kwhr	.07262

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CP NATIONAL ELECTRIC RATES
WEAVERVILLE DISTRICT

Schedule A-121 - General Service

RATES	<u>Per Meter Per Month</u>
Service Charge:	\$2.50
Commodity Charge: All Kwhr, per Kwhr	.07055
Energy Rates: Included in the Commodity Charge, above, is an Energy Rate of \$.0499 per Kwhr as specified in Part D of the Preliminary Statement.	

Schedule P-141 - General Power Service

RATES	<u>Per Meter Per Month</u>
Service Charge:	\$17.35
Demand Charge: All Kw, per Kw	1.45
Commodity Charge: All Kwhr, per Kwhr	.06065
Energy Rates: Included in the Commodity Charge, above is an Energy Rate of \$.0499 per Kwhr as specified in Part D of the Preliminary Statement.	

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CP NATIONAL ELECTRIC RATES

WEAVERVILLE DISTRICT RATE
PER METER
PER MONTH

SCHEDULE OL-151 - OUTDOOR AREA LIGHTING

OVERHEADMERCURY VAPOR

7000 LU/ 65 KWHR	6.91
20000 LU/146 KWHR	12.95
<u>SODIUM VAPOR (SAME FOR UNDERGROUND)</u>	

AREA LIGHTS

9500 LU/ 40 KWHR	6.83
22000 LU/ 78 KWHR	9.33
<u>FLOOD LIGHTS</u>	
22000 LU/ 78 KWHR	11.71
50000 LU/150 KWHR	16.03

<u>ADDITIONAL CHARGE</u>	0.89
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SCHEDULE LS-157 STREET & HIGHWAY LIGHTING
(COMPANY OWNED)OVERHEADINCANDESCENT

2500 LU/ 65 KWHR	5.16
4000 LU/101 KWHR	7.97

MERCURY VAPOR

7000 LU/ 65 KWHR	7.46
20000 LU/146 KWHR	13.47
<u>SODIUM VAPOR (SAME FOR UNDERGROUND)</u>	

9500 LU/ 40 KWHR	7.67
22000 LU/ 78 KWHR	10.39
50000 LU/150 KWHR	14.83

<u>ADDITIONAL CHARGE</u>	0.89
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APPENDIX B

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Applicants charges, commodity rates, and preliminary statement are changed to the level or extent set forth in this appendix.

SOUTH TAHOE GAS RATES

Schedule GT-211 - Residential Service and
GMT-224 - Multi-Family Service (Not Submetered)

RATES	<u>Per Meter</u> <u>Per Month</u>
Service Charge:	\$2.20
Commodity Charge:	
Tier I	.53113
Tier II	.61587
Tier III	.78648

Energy Rates:

Included in the Commodity Charge. above. is an Energy Rate of \$.46143 per therm for lifeline sales and \$.51266 per therm for non-lifeline sales based on Southwest Gas Corporation rates effective April 1, 1980. in its FERC gas tariff. Original Volume No. 1.

Schedule GST-223 - Multi-Family Service (Submetered)

RATES

Service Charge:	2.20
Commodity Charge:	
Tier I	.47802
Tier II	.61587
Tier III	.78648

Energy Rates:

Included in the Commodity Charge. above. is an Energy Rate of \$.41529 per therm for lifeline sales and \$.51266 per therm for non-lifeline sales based on Southwest Gas Corporation rates effective April 1, 1980. in its FERC gas tariff. Original Volume No. 1.

SOUTH TAHOE GAS RATES

Schedule GT-221 - General Service

RATES	<u>Per Meter</u> <u>Per Month</u>
Service Charge:	\$2.20
Commodity Charge: All therms. per therm	.61587
Energy Rate: Included in the Commodity Charge, above, is an Energy Rate of \$.51266 per therm, based on Southwest Gas Corporation rates effective April 1, 1980 in its FERC gas tariff, Original Volume No. 1.	

Schedule GT-244 - Large General Service

RATES	
Commodity Charge: All therms. per therm	.57361
Minimum Charge:	445.00
Energy Rate: Included in the Commodity Charge, above, is an Energy Rate of \$.51266 per therm, based on Southwest Gas Corporation rates effective April 1, 1980 in its FERC gas tariff, Original Volume No. 1.	

APPENDIX B

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NEEDLES GAS RATES

Schedule GN-210 - Residential Service and
GMN-224 - Multi-Family Service (Not Submetered)

RATES	<u>Per Meter</u> <u>Per Month</u>
Service Charge	\$1.50
Commodity Charge:	
Tier I	.54582
Tier II	.57576
Tier III	.85286

Energy Rates:

Included in the Commodity Charge. above. is an Energy Rate of \$.31801 per therm for lifeline sales and \$.41068 per therm for non-lifeline sales based on PG&E Schedule G-62, effective May 4, 1980.

Schedule GSN-221 - Multi-Family Service (Submetered)

RATES	
Service Charge	1.50
Commodity Charge:	
Tier I	.49124
Tier II	.57576
Tier III	.85286

Energy Rates:

Included in the Commodity Charge. above. is an Energy Rate of \$.28621 per therm for lifeline sales and \$.41068 per therm for non-lifeline sales based on PG&E Schedule G-62, effective May 4, 1980.

NEEDLES GAS RATES

Schedule GN-220 - General Service

RATES

Per Meter
Per Month

Service Charge:

\$2.00

Commodity Charge:

All therms, per therm

.73779

Energy Rate:

Included in the Commodity Charge. above. is an Energy Rate of \$.41068 per therm, based on PG&E Schedule G-62, effective May 4, 1980.

PRELIMINARY STATEMENT
(Continued)

9. SUPPLY ADJUSTMENT MECHANISM (SAM)

- A. Applicability. This Supply Adjustment Mechanism (SAM) provision applies to bills for service under all rate schedules and contracts for gas service.
- B. Basic Rates. The Basic Rates are the basic gas rates and miscellaneous revenues effective: Needles District, * , South Tahoe District, *
- C. Base Costs Amount. The Base Cost Amount is the total basic rates revenue authorized.

	<u>Decision No.</u>	<u>Base Cost Amount</u>
Needles District	*	*
South Tahoe District	*	*

- D. Current Period. The volumes of gas, expressed in therms, to be utilized hereunder shall be those estimated to be sold during the twelve calendar month period beginning with the applicable Revision Date.
- E. Revision Dates. The Revision Dates are January 1 and July 1 of each year. On such dates, or as soon thereafter as the Commission may authorize, the utility shall, in accordance with the provisions hereof, increase or decrease the SAM Rates applicable to each rate schedule and contract.
- F. SAM Rates. The Commission shall determine and fix applicable SAM Rates to be placed into effect for each revision period. The utility shall file one or more exemplary SAM RATES to recover the Supply Adjustment Amount set forth in sub-paragraph H.
- G. Current Supply Recovery Amount. The Current Supply Recovery Amount shall be the revenues calculated at Basic Rates for the current period.
- H. Supply Adjustment Amount. The Supply Adjustment Amount shall be the difference between the Base Cost Amount and the Current Supply Recovery Amount, plus the balance in the Supply Adjustment Account, determined as specified in Section I below, at the end of the latest available month at the time of the computation being made under the provisions of this Section.

* Dates, decision numbers, and amounts to be inserted by CP National when this tariff sheet is filed.

PRELIMINARY STATEMENT

(Continued)

- I. Supply Adjustment Account. Beginning as of the date this Supply Adjustment Mechanism provision becomes effective, the utility shall maintain a Supply Adjustment Account. Entries shall be made to this account at the end of each month as follows:
- (a) A debit entry equal to, if positive (credit entry, if negative):
 - (1) One-twelfth of the Base Cost Amount, less
 - (2) The amount of Gas Department revenue billed during the month at Basic Rates (Margin) including miscellaneous revenues plus revenue billed during the month under SAM Rates.
 - (b) An entry equal to the current interest percentage applied to the average of the balance in the account at the beginning of the month and the balance in the account after entries (a) and (b) above. Such interest shall be 1/12 of the most recent month's interest rate on Commercial Paper plus 50 basis points (prime, 3 month), published in the Federal Reserve Statistical Release G.13.
- J. Time and Manner of Filing and Related Reports. The Utility shall file revised Adjustment Rates with the California Public Utilities Commission at least 30 days but not more than 90 days prior to the Revision Date. Each such filing shall be accompanied by a report which shows the derivation of the adjustment to be applied. A results of operation report for the prior year will be filed by April 15, of each year.