

Decision No. 84760**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion into electric utility rate structures and the changes, if any, that should be made in presently constituted rate structures to encourage conservation of electricity in the State of California.

Case No. 9804
(Filed October 1, 1974)

(Appearances are listed in Appendix A.)

INTERIM REPORT TO THE LEGISLATURE
AND REQUEST FOR EXTENSION OF TIME

By Assembly Concurrent Resolution No. 192, adopted August 31, 1974, the State Legislature requested the Commission to make a thorough investigation of various proposed alternative electric rate structures and of what changes, if any, should be made in the rate structures of the electric utilities to discourage increased consumption of electricity and to encourage conservation of scarce natural resources, to include in its investigation a consideration of the economic and social consequences of such alternative rate structures, and to report its findings and recommendations on these and other alternative principles of pricing electricity to the Legislature not later than August 31, 1975.

On October 1, 1974, this Commission pursuant to Assembly Concurrent Resolution No. 192 instituted Case No. 9804, an investigation on its own motion into electric utility rate structures and the changes, if any, that should be made in presently constituted rate structures to encourage conservation of electricity in the State of California, and by a supplement to the order instituting investigation issued March 4, 1975, expanded its investigation to include the method of distributing changes in fuel costs of electric utilities to their consumers.

On December 16, 1974 responses to the order instituting investigation were filed by San Diego Gas & Electric Company and Southern California Edison Company and on January 7, 1975 Pacific Gas and Electric Company filed its response.

On December 20, 1974, a prehearing conference was held before Examiner Cline in San Francisco. The Presiding Officer's Report of Prehearing Conference and Rulings Emanating Therefrom issued January 6, 1975 adopted the following schedule of participation:

- (1) Submission of responses by other respondent electric utilities by January 15, 1975.
- (2) Submission of prepared testimony by the three major utilities by January 27, 1975.
- (3) Submission of responses by other interested parties by February 18, 1975.
- (4) Submission of Commission staff report by March 14, 1975 (later extended to March 28, 1975).
- (5) Submission of rebuttal exhibits by all parties by March 28, 1975 (later extended to April 25, 1975).

Following 36 days of public hearings in San Diego, Los Angeles, and San Francisco, commencing April 7 and ending June 17, 1975, 4,530 pages of transcript, and receipt in evidence of 111 exhibits the matter was taken under submission subject to the filing of concurrent briefs on or before July 11, 1975, and oral arguments before the Commission en banc and Examiner Cline on July 31, 1975.

Briefs have been filed on behalf of the following parties:

Respondents

1. Pacific Gas and Electric Company (PG&E).
2. San Diego Gas & Electric Company (SDG&E).
3. Southern California Edison Company (Edison).

Industrial Organizations

4. Airco, Inc., and Monsanto Company (Airco and Monsanto).
5. Air Products & Chemicals, Inc. (Air Products).

6. California Manufacturers Association (CMA).
7. Committee to Protect California Economy (CPCE).
8. Southwestern Portland Cement Company (SWP Cement).
9. Stauffer Chemical Company (Stauffer).

Domestic and Agricultural Consumer Organizations

10. California Farm Bureau Federation (Farm Bureau).
11. Toward Utility Rate Normalization (TURN).

Conservation and Environmental Organizations

12. California Citizen Action Group (Cal CAG).
13. Environmental Defense Fund (EDF).

Public Entities

14. City of Long Beach (Long Beach).
15. City and County of San Francisco (San Francisco).
16. Consumer Interests of All the Executive Agencies of the United States (Executive Agencies of U.S.).
17. Desert Hospital District (Hospital District).
18. Desert Water Agency (Water Agency).
19. Friant Water Users Association (Friant).
20. Western Municipal Water District of Riverside County (Riverside Water District).
21. Commission staff.

At the hearing on May 7, 1975 CPCE made the following motion which appears in Volume 19 of the transcript commencing on line 26, page 2,228 and ending on line 19, page 2,229:

"I would like to move, on behalf of my clients, the Committee to Protect California Economy and the Monolith Portland Cement Company, that the Commission address an interim report to the Legislature, advising the Legislature of the substantial progress that has been made in this case since its institution, but advising the Legislature that additional time is needed within which to develop the kind of record that we all want to have in order that correct decisions may be made upon the issues that the Legislature has entrusted to this Commission to decide.

"I think that the time to make such a report by the Commission to the Legislature is now, instead of waiting until August 31st, and then saying, 'We can't do the job.'"

"We are between two opposing forces. ✓

"The Legislature wants a report by August 31, and looking at our schedule and the things that remain to be done, including the time that the Commission must take to study and analyze the material before it, it becomes apparent to me, and I think I speak for a consensus of the people, the participants in this room, when I say that we believe that the Commission should ask for additional time and that additional hearing days be scheduled as required to make the kind of report that should be made in this case."

The following parties joined in the motion:

1. Farm Bureau
2. CMA
3. Executive Agencies of U.S.
4. Edison
5. SDG&E
6. PG&E
7. San Francisco

As the briefs have been submitted and oral argument has been held, the Commission is now in a position to request an extension of time to October 22, 1975 from the Legislature, when it is anticipated that a final report and decision in this matter can be issued by the Commission.

The Commission hereby requests that the Legislature grant it an extension of time to October 22, 1975, within which to file its final report and recommendations pursuant to Assembly Concurrent Resolution No. 192, adopted August 31, 1974.

The Secretary is directed to cause copies of this Interim Report to the Legislature and Request for Extension of Time to be served by mail upon all members of the Legislature and all parties to this proceeding.

Dated at San Francisco, California, this 5th
day of AUGUST, 1975.

William S. Quinlan President
George L. Sturgeon
L. Ross
Robert B. Batten Commissioners

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

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LIST OF APPEARANCES

Respondents: G. J. Whittlinger, for Anza Electric Cooperative, Inc. and California Rural Electric Coop. Assn.; Cecilia Arnold, for Bay Point Light & Power Company; Bradley Bunnin, Attorney at Law, and John P. Vetromile, for California-Pacific Utilities Co.; Malcolm H. Furbush, Robert Ohlbach, and Kermit Kubitz, Attorneys at Law, for Pacific Gas and Electric Company; Fred M. Gardner and Rives, Bonyhadi & Drummond, by Leonard A. Girard, Attorney at Law (Oregon), for Pacific Power & Light Company; A. E. Engel, for Plumas-Sierra Rural Electric Cooperative; Gordon Pearce, Attorney at Law, John H. Woy, and Chickering & Gregory, by Sherman Chickering, C. Hayden Ames, Allan Thompson, and Edward P. Nelsen, Attorneys at Law, for San Diego Gas & Electric Company; John Madariaga, Attorney at Law (Nevada), and Richard G. Campbell, General Counsel, for Sierra Pacific Power Company; Rollin E. Woodbury, Robert J. Cahall, H. Robert Barnes, William E. Marx, Attorneys at Law, and William M. Marriott, for Southern California Edison Company; W. V. Caveney, for Southern California Water Co.; Donald W. Hicks, for Surprise Valley Electrification Corp.; and O. M. Spear, for Valley Electric Association.

Interested Parties: Joseph M. Cleary and McNees, Wallace & Norick, by Henry R. MacNicholas, Attorney at Law (Pennsylvania), for Airco, Inc.; Michael Drazen, for Airco, Inc. and Monsanto Company; Lester J. Phillips, for Air Factors Company; Dr. Hans Nissel, Edward V. Sherry, and Lawler, Felix & Hall, by Richard D. DeLuce, Attorney at Law, for Air Products and Chemicals, Inc.; Nicholas Budd, Attorney at Law, for Amcord, Inc.; Ronald E. Robertson, Attorney at Law, for Riverside Cement Company, a division of Amcord, Inc. and Pascoe Steel Corporation, a subsidiary of Amcord, Inc.; McCutchen, Doyle, Brown & Enerson, by David R. Andrews, for American Cyanamid Company and Formica Corp., its subsidiary; Kenneth P. Oldenburger, for Formica Corp., subsidiary of American Cyanamid Company; Gilbert A. Hanke, for Ameron; Alan R. Watts, City Attorney, for City of Anaheim; John P. Fraser, General Counsel, for Association of California Water Agencies; Kent Redwine, for Association of Motion Picture and Television Producers; F. C. Hoff, for Basic Vegetable Products, Inc.; James H. Lindley, for California Ammonia Co.; Roy Alper, Attorney at Law, and Lucinda McLaughlin, for California Citizen Action Group; William L. Knecht and William H. Edwards, Attorneys at Law, for California Farm Bureau Federation; Daniel J. Reed and Brobeck, Phleger & Harrison, by Gordon E. Davis and Thomas G. Wood, Attorneys at Law, for California Manufacturers Association; Dennis Valentine, for California Municipal Utilities Association; Harold H. Heidrick, for Wilsey & Ham; J. Randolph Elliott, Attorney at Law, for California Portland

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Cement Company; Robert M. Shillito, for California Retailers Association; James W. Bell, for Cannery League of California; John R. Phillips, Attorney at Law, for Center for Law in the Public Interest and Planning & Conservation League; Redwine & Sherrill, by Maurice C. Sherrill, for Coachella Valley County Water District and Eastern Municipal Water District; Graham & James, by Boris H. Lakusta, Attorney at Law, and John J. Clarke, for Collier Carbon & Chemical Corporation; Enright, Elliott & Betz, by Norman Elliott, Attorney at Law, for Committee to Preserve California Industry, Committee to Protect California Economy, and Monolith Portland Cement Company; Garney Hargan, for Department of Water Resources; Best, Best & Krieger, by Glen E. Stephens and Michael D. Harris, Attorneys at Law, for Desert Water Agency, Desert Hospital District, and Western Municipal Water District of Riverside County; Harry P. Levin, for Electro Energy Corporation; Dale Rodman and John Wiley, for Energy Resources Conservation and Development Commission; Thomas J. Graff, for Environmental Defense Fund; Howard Perry, for Office of Energy Conservation and Environment, Federal Energy Administration; James F. Sorensen, for Friant Water Users Association; Downey, Brand, Seymour & Rohwer, by Philip A. Stohr, Attorney at Law, for General Motors Corporation; Robert G. Behlman, for Honeywell, Inc., Marine Systems Division; Gerald L. Price, for Hunt-Wesson Foods, Inc.; C. J. Maxwell, for INTERPAC, Corp.; Kenneth M. Robinson, Attorney at Law, for Kaiser Steel Corporation and Kaiser Cement & Gypsum Corporation; G. Stanley Evans and George B. Scheer, for Kaiser Steel Corporation; Michael D. Kinsman, for M. D. Kinsman Associates; Louis Possner, for City of Long Beach; William C. McCalmont, for Los Angeles Area Chamber of Commerce; Frederick H. Kranz, Jr., Attorney at Law, Dennis B. Whitney, and A. J. Roberts, for Los Angeles Department of Water and Power; Robert P. Will, General Counsel, and R. D. Twomey, Jr., and Gerald Winerman, Deputies General Counsel, for Metropolitan Water District of Southern California; Charles S. Viss, for Modesto Irrigation District; George H. Griffin, for Monsanto Company; Gordon L. Williams, for National Retail Merchants Association; C. M. Gollin, for Department of the Navy, Western Division, Naval Facilities Engineering Command; Kent P. Anderson, for National Economic Research Associates, Inc.; Norman Ingraham, for Northern California Power Agency; Paul M. King, Attorney at Law, for PPG Industries, Inc.; Kenneth Mellor and E. K. Davis, for Sacramento Municipal Utility District; William S. Shaffran, Attorney at Law, for John W. Witt, City Attorney of San Diego; Barry R. Flynn, for City of Santa Clara; Joseph Chiri, for Santa Clara Valley Water District;

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John C. Shaefer, for Department of Industrial Engineering, Stanford University; Thomas G. Johnson, William G. Riddoch, and William A. Wood, Jr., Attorneys, for Shell Oil Company; David B. Follett, Attorney at Law, for Southern California Gas Company; Edward Lee Soule, Jr., for Soule Steel Company; Overton, Lyman & Prince, by Donald H. Ford, for Southwestern Portland Cement Company; O'Donnell, Waiss, Wall & Meschke, by Fredrik S. Waiss, Attorney at Law, for Stauffer Chemical Company; Arthur S. Hecht, for Sunset Parkside Education and Action Committee (SPEAK); Sylvia M. Siegel, for Toward Utility Rate Normalization (TURN) and Consumer Federation of California; George R. Gilmour, Attorney at Law, and Eugene P. Coyle, for Toward Utility Rate Normalization (TURN); Walter C. Leist and John R. Morgan, for Union Carbide Corporation; Lawrence V. Jones, for Western Municipal Water District of Riverside County; Andrew C. Schafer, Attorney at Law, and Neil Y. Nordlander, for Western Mobilehome Association; Ted Harwood, for Program Development Agency, County of San Diego; Ralph Heim, for Kimberly Clark; Roger Hackney, for Sacramento Chamber of Commerce; Daniel E. Murphy, for Brown, Boveri & Cie; Dr. Irwin M. Stelzer, for National Economic Research Association; Jack Jones, for Dow Chemical U.S.A., Western Division; Thomas O'Connor, City Attorney, and Robert R. Laughead, for City and County of San Francisco; William E. Still and Walt A. Steiger, by Walt A. Steiger, Attorney at Law, for Southern Pacific Transportation Company and Southern Pacific Pipeline, Inc.; Joe Westmoreland, for City of Riverside Public Utilities Department; Warren D. Hinchee, by Frank A. Miller, for Burbank Public Service Department; Lyle E. Hopp, for Burroughs Corp.; Assemblyman Charles Warren, by William R. Ahern, Jr., for California Assembly Committee on Energy and Diminishing Materials; G. Wayne Wickstrom, for City of Corona; Robert W. Russell, by Kenneth E. Cude, for City of Los Angeles Department of Public Utilities and Transportation; Harold S. Lentz, Attorney at Law, for Southern Pacific Transportation Company and affiliated companies; Bill Press, for Planning and Conservation Foundation; Deanna J. Marquart, for Office of Economic Opportunity, Department of Human Resources Development; Colonel Frank J. Dorsey, Attorney at Law (Washington D.C.), for Executive Agencies of the United States; Ralph Santiago Abascal, Attorney at Law, for California Rural Legal Assistance, Inc., Disabled & Blind Action Committee, California Protective Council of Senior Californians, and Committee for the Rights of the Disabled; Vaughan, Paul & Lyons, by Varnum Paul, Attorney at Law, for Jack Stone and Jack Cardwell; Taketsugu Takei,

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Attorney at Law, for Department of Consumer Affairs; David Keast,
Attorney at Law, for State of California; and Edward J. Neuner,
Marjorie Cseh, Jan Acton, and Dr. Charles J. Cichetti, for
themselves.

Commission Staff: Rufus G. Thayer, Peter Arth, Jr., Attorneys at
Law, and Donald L. Houck.