

Decision No. 85112**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND ELECTRIC)
 COMPANY for authority, among other)
 things, to increase its rates and charges)
 for electric service.)
 (Electric))

Application No. 54279
 (Filed August 30, 1973;
 amended January 21, 1974)

Application of PACIFIC GAS AND ELECTRIC)
 COMPANY for authority, among other things,)
 to increase its rates and charges for gas)
 service.)
 (Gas))

Application No. 54280
 (Filed August 30, 1973;
 amended January 21, 1974)

Application of PACIFIC GAS AND ELECTRIC)
 COMPANY for authority, among other things,)
 to increase its rates and charges for)
 steam service provided by the San)
 Francisco Steam Sales System.)
 (Steam))

Application No. 54281
 (Filed August 30, 1973)

ORDER DENYING REHEARING
OF DECISION NO. 84902

On September 16, 1975, in Decision No. 84902 this Commission granted to Pacific Gas and Electric Company (PG&E) a systemwide increase in rates of approximately \$213,382,000 based on a rate of return of 8.65%. This decision was the culmination of 87 days of hearings involving 8,727 pages of transcript. In granting the rate increase to PG&E we adopted a simplified rate structure which provides no increase in rates for residential customers who use less than a basic, minimum amount of electricity and gas. We adjusted the rate structure in recognition of changes in energy production, including the facts that new sources of power are now more expensive than the average cost of existing power and environmental and conservation considerations have become more important.

Eight petitions for rehearing of Decision No. 84902 were filed with the Commission.^{1/} Toward Utility Rate Normalization (TURN) filed a petition for rehearing requesting an award of costs for its participation in the proceedings. The City of Palo Alto (Palo Alto) filed a petition for rehearing alleging discrimination in the rate structure as it applies to resale customers and additionally requesting a reopening of Application No. 54280 to present additional evidence. Five industrial customers of PG&E filed petitions for rehearing alleging error in the rate structure portion of Decision No. 84902.^{2/} One other industrial customer, Air Products and Chemicals, Inc. (Air Products), petitioned for a rehearing of the special conditions in the A-18 rate schedule.

The petition for rehearing of TURN alleges that the Commission's denial of an award of costs to TURN is contrary to public policy and adverse to the public interest. This issue was fully briefed by the parties and discussed in detail in the decision. TURN has failed to substantiate its allegations that error was committed in the decision.

^{1/} Several petitions were submitted after the effective date of Decision No. 84902 with requests that the Commission accept these "late" filings. There are no provisions in the Public Utilities Code or in our Rules of Practice and Procedure which specifically define when a petition for rehearing must be filed in order to be considered by us. Since no injury has been caused by these "late" filings, we have accepted and fully considered them.

^{2/} The industrial customers filing petitions for rehearing are: California Manufacturers Association, General Motors Corporation, the Secretary of Defense, California Portland Cement Company, and Southwestern Portland Cement Co.

Palo Alto's petition for rehearing is in two parts. Palo Alto alleges error in the rate structure established in Decision No. 84902. This portion of Palo Alto's petition is discussed below with the petitions filed by the industrial customers. Palo Alto additionally requests a reopening of Application No. 54280 to present (1) evidence on its costs of maintenance of service and (2) data on the number of residential customers it serves. Palo Alto cites the language from page 160 of Decision No. 84902 which states the Commission's intention to accept additional evidence on the matters referenced by Palo Alto. While Palo Alto correctly indicates the Commission's intention in this matter, we find it unnecessary to reopen Application No. 54280 for this purpose. There are, presently, several open PG&E proceedings. Palo Alto is a party in these proceedings and either has had or will have the opportunity therein to present evidence on the matters discussed above.

The petition for rehearing of Palo Alto as well as the petitions for rehearing from the industrial customers of PG&E, with the exception of Air Products, allege error in the rate structure adopted by us in Decision No. 84902. While these petitions cite numerous constitutional and statutory grounds for rehearing, the basic theme is that the rate structure as adopted is discriminatory as it applies to resale and industrial customers. This Commission has the authority and responsibility to consider many elements in adopting a particular rate structure. In this period of rising costs, product scarcity, and environmental concern we cannot mechanically allocate costs to the various classes of service. We find that we properly weighed the evidence before us in Decision No. 84902 and did not abuse our discretion in adopting the rate structure set forth in that decision. Therefore these petitions for rehearing are denied.

Finally, the petition of Air Products requests rehearing of certain sections of the special conditions in PG&E rate schedule A-18. Only one of the special conditions referenced by Air Products


was newly adopted in Decision No. 84902 and no opposition was raised to that item in the proceeding. We find that Air Products has not stated sufficient grounds for rehearing in its petition.

THEREFORE, IT IS ORDERED that rehearing of Decision No. 84902 is hereby denied.

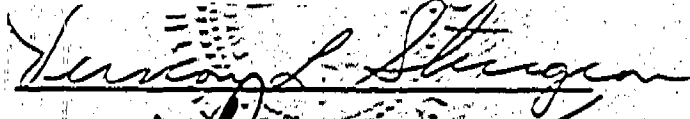
The effective date of this order is the date hereof.

Dated at San Francisco, California, this 12th day of NOVEMBER, 1975.

*I dissent, I would
grant rehearing.
William S. Lyons Jr.*



President



Commissioners

Commissioner Robert Batinovich, being necessarily absent, did not participate in the disposition of this proceeding.