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Decision No. 87241

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's Own
Motion into the Adequacy and Reliability
of the Energy and Fuel Requirements and
Supply of the Electric Public Utilities
in the State of California.

Case No. 9581
(Filed July 3, 1973)

Investigation on the Commission's own
motion into the natural gas supply and
requirements of gas public utilities in
the State of California.

Case No. 9642
(Filed December 18, 1973)

Investigation on the Commission's own
motion into the establishing of
priorities among the types of categories
of customers of every electrical
corporation and every gas corporation
in the State of California and among the
uses of electricity or gas by such
customers.

Case No. 9884
(Filed March 11, 1975)

INTERIM ORDER MODIFYING DECISION

By Decision No. 82305 issued January 3, 1974 we ordered electric utilities subject to our jurisdiction to file appropriate tariffs incorporating the prohibitions and curtailments in the use of electricity set forth in Appendix A of Decision No. 82305 thus establishing Rule 14.1 in the electric utility company tariffs subject to our jurisdiction. By Decision No. 83225 issued July 30, 1974, the critical fuel shortages of that winter and spring season were found to have abated sufficiently to relax mandatory curtailments of certain industries with respect to their use of electricity. Because fuel shortages for steam electric generation were anticipated to continue into the future we called upon all electric utility company customers to continue their voluntary effort to conserve electric energy including restricting their use of energy for business signs and outdoor advertising.

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By Decision No. 84062 issued February 11, 1975 all electric utilities were ordered to continue the operation of those phases of the conservation and curtailment plans filed with the Commission dealing with voluntary conservation and curtailment of the use of electricity and to intensify efforts if necessary to assure adequate energy supplies. The objective was to maintain reductions in the use of electric energy consistent with fuel and energy availability in the coming year. Respondent electric utility companies were requested to file reports describing each utility's methods of informing its customers of the continuing need for a means of implementing electric energy conservation. These efforts by electric utility customers and California electric utilities have resulted in material conservation of electric energy.

The abnormally dry winters of the last two years have now exposed California electric consumers to a new form of potential energy shortages. Approximately 25% of the electricity generated by Pacific Gas & Electric Company (PG&E) is produced by hydroelectric generating resources. The hydroelectric generating resources for Southern California Edison Company (SCE) account for less than 10% of generating capacity. Pacific Northwest hydroelectric resources normally supply substantial amounts of surplus power to California utilities during the winter season thus enabling California utilities to conserve their hydroelectric resources for summer use and to conserve their fossil fuel supplies. This winter, unfortunately, has been one of the driest winter seasons in the history of the Pacific Northwest. Thus, power from that region normally supplied to California has not been available this year, placing unseasonal requirements upon California's thermal generating resources. The result has been a substantial increase in fuel consumption for electric generation by California utilities during the current winter season. Moreover, it now appears that a substantial seasonal increase in hydroelectric capability on the PG&E system will not occur. PG&E will be faced with a substantial energy load requirement from thermal sources during the coming summer season caused by the substantial depletion of its hydroelectric generating potential. The economic

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impact of this shift based on continued electric usage at normal levels is severe. In order to offset increases in the cost of generating electricity, PG&E has requested a 13.2% revenue increase effective April 1 and is expected to seek an additional increase of about 10% to be effective July 1. The effect of drought caused increases in fossil fuel requirements is felt in Southern California too. Southern California Edison has requested an increase of 6.5% to be effective May 1, 1977. We think, however, that these increases which represent essentially the cost of increased quantities of fuel oil can be mitigated if energy conservation be practiced so as to overcome the deficiency in hydro production.

The California power pool has adjusted to the dry winter condition and arrangements have been made for transmission of electricity to northern California from southern California generating resources. Even so, it appears that the State of California could experience a potential energy load shortage statewide during the coming summer season. Accordingly, we have determined that it is necessary at this time to call upon the customers of all regulated electric utilities in California to increase their voluntary conservation of electricity and to attempt to achieve a goal of reduced electrical consumption on a level substantially less than the amount of electricity consumed during the corresponding month of 1976.

It is recognized that voluntary conservation efforts during the last few years may have resulted in some electric consumers having achieved maximum voluntary electric curtailment at this time. We are mindful of those customers who have kept their consumption within the lifeline quantities specified by this Commission in D. 86087. Changes in these amounts have not been increased above the rates in effect January 1, 1976. Customers who continue to keep their consumption at low levels will be least affected by increases in rates because of the drought. The substitution of expensive oil-generated electricity for inexpensive hydroelectric energy will result in great increases in generating costs. Therefore conservation will be extremely effective in reducing the magnitude of necessary fuel cost rate increases.

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It should be emphasized that this order attempts to achieve voluntary reductions in electric usage as soon as possible. However, all electric users should be prepared to respond to further adverse developments during the coming months and the possibility that more detailed and necessarily more complex conservation and curtailment plans for various classes of electric utility customers may be forthcoming together with proposed mandatory curtailment orders.

The drought will require electric utilities in California to generate much more electric energy from expensive fuel oil supplies in 1977 than in previous years. Under the energy cost adjustment clause (ECAC), we have required that such costs be collected on a deferred basis. Therefore if voluntary conservation efforts are successful, the magnitude of rate increases can be significantly reduced. Even though large increases inevitably will be required due to the expanded use of fossil fuel fired resources, the timing of such increases may be affected by the success of the conservation effort. Accordingly, we will require PG&E, SCE and San Diego Gas and Electric Company to report to us weekly on the success of these conservation efforts. Moreover as during the fuel related shortages of 1973/1974, for the purpose of obtaining a comprehensive statewide evaluation of available generating resources and conservation efforts, we are requesting that publicly owned electric utility systems undertake similar conservation efforts and that the Los Angeles Department of Water and Power and Sacramento Municipal Utilities District also provide us with weekly information on the results of their independent conservation efforts.

Finally, in view of the tightening electric load shortage we find that Rule No. 14.1 of regulated electric utility companies should be revised to reflect current conditions. Accordingly, the temperature for comfort heating will be reduced to 65° F in line with national policy. Also, Rule 14.1 will be expanded to extend this limitation on the use of electricity to include hotels, motels and residential service.

A utility's tariffs are as binding upon the utility as upon its customers and constitute the agreement between the utility and

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the customer as to the terms under which service will be provided and payment made therefor. Departures or deviations from said tariffs are unlawful unless we specifically authorize such departures or deviations. (Public Utilities Code Section 761; Investigation of Dyke Water Co. (1963) 60 Cal. PUC 491.) Accordingly it must be emphasized that the prohibitions and curtailment provisions of Rule 14.1 are mandatory as a matter of law and must be enforced as such by regulated electric utilities.

Notwithstanding the mandatory character of Rule 14.1 we hasten to emphasize our deep conviction that first and foremost, the success of any electric use conservation effort depends mostly and fundamentally upon public recognition of the need for conservation and the dedication with which each individual user of electricity practices conservation of the use of this resource so vital to the public safety, convenience and economic well being.

Accordingly, as during the fuel shortage crisis of 1973/1974, we once again call upon the public to assist in the same highly cooperative manner which proved so successful during the fuel embargo period.

"All who live within the State of California are called upon to participate individually and voluntarily in the implementation of these plans and to practice conservation of fuel and energy to the fullest extent possible. It is only through such broad-based public support of energy conservation efforts that the impact of dislocations in normal patterns of the use of fuel and energy can be optimally minimized. Moreover, the degree of success of voluntary participation will be indicative of whether more restrictive, mandatory curtailment procedures will be required."

(Decision No. 82139, Case No. 9581, (November 1973)
mimeo, page 2.)

The Commission Finds and Concludes:

1. The abnormally dry winters of the last two years have created a substantial shortage of hydroelectric generating capability in California particularly in northern California.

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2. The substantially reduced hydroelectric generating capability has created the potential for a substantial energy load shortage during the coming summer season.

3. Although mutual assistance agreements have been expanded for the sharing of fossil fuel generating resources throughout the state, a substantial energy load shortage during the coming summer season is foreseeable.

4. Expanded use of fossil fuel generating resources will result in substantial cost increases of electric generation during the coming year in California.

5. A statewide electric usage conservation effort will assist in reducing the potential for an energy load shortage, will assist in reducing electric generating cost increases, and reduce air quality control problems resulting from fossil fuel generation.

6. In establishing a systematic approach to conservation and curtailment of electric usage the essentially voluntary character of such conservation is critical to the success of effective electric conservation.

IT IS ORDERED that:

1. All customers of regulated electric utilities in California are called upon to utilize every means at their disposal to reduce voluntarily their use of electric energy to a level substantially below the kilowatt hours consumed in the corresponding month of 1976.

2. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas and Electric Company are ordered to provide information indicating the effect of voluntary conservation programs within 15 days after the effective date of this order and on a weekly basis thereafter.

Publicly owned electric utilities are urged to proceed in support of this order and to submit parallel reports to the Commission.

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3. Within five days after the effective date of this order, each respondent electric utility shall file a modification to Tariff Rule No. 14.1 consistent with the paragraphs shown in Appendix A attached hereto. Such filing shall be made in accordance with General Order No. 96-A and shall be effective as of the date of filing.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 26th day of APRIL, 1977.

Robert Bateman

President

William Lyons Jr.

Vernon L. Sturgeon

Richard D. Howell

Commissioners

APPENDIX A

Changes to Rule No. 14.1, "Prohibitions and Curtailment Provisions":

Paragraph B.3.a.

Changes to read:

3. Comfort Heating and Cooling:

a. During business hours, no customer shall at any time make, cause or permit any use of electrical energy in any commercial or industrial establishment to provide heat to raise the temperature therein above 65°F, nor to provide cooling to reduce the temperature therein below 78°F, except where other temperatures are specifically required by law. Where it is not established that a net energy savings can be achieved by operating space conditioning equipment during non-business hours, such equipment shall be turned off.

b. Notwithstanding the provisions of subsection B.3.a. hereof, any commercial or industrial buildings wherein the space heating and cooling control systems provide for a single temperature set-point, or where such buildings are equipped with systems which heat and cool simultaneously or depend upon electric lighting as a part of the heating energy, the space conditioning systems shall be operated in a manner which minimizes electric energy use.

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Following Paragraph B.3.b.

Add new paragraph B.3.c. as follows:

"Electrical energy shall not be used by hotels, motels, similar guest accommodation establishments, or restaurants to heat or cool vacant guest rooms. The 65°F temperatures in occupied rooms should be reduced to 55°F during sleeping hours, except where other temperatures are required by law. Occupied rooms shall not be cooled below 78°F.

d. No customer shall make, cause or permit any use of electrical energy for the heating of residences, apartments or condominiums above 65°F during the active hours of the day and 55°F during the sleeping hours or for cooling them below 78°F, except for medical reasons or where other temperatures are required by law."

Paragraph E

Delete the phrase: "Except that the letter-of-defects procedure is waived and the complaint shall be deemed subject to immediate answer in the manner prescribed therein."