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ORIGINAL

Decision No. SS224 DEC 13 1977

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA
GAS COMPANY for authority to
(a) engage in a solar demonstration
project and (b) to include in its
rates the amounts necessary to fund
a solar energy program.

Application No. 57032
(Filed January 21, 1977)

(Appearances are listed in Appendix A)

O P I N I O N

By its application herein Southern California Gas Company (SoCal) requests authority to engage in a solar demonstration project and to include in its rates the amounts necessary to fund such solar energy program. The estimated total cost over the five-year life of the project is \$10,923,000.

Seven days of public hearings were held from April 25, 1977 to July 7, 1977. Concurrent briefs were mailed on September 16, 1977 by SoCal, the Public Utilities Commission staff, the State Energy Resources Conservation and Development Commission (Energy Commission), San Diego Gas & Electric Company (SDG&E), the city of Los Angeles, the city of San Diego, and the California Citizen Action Group.

The matter is submitted for decision.

Applicant's Request

The application describes in detail a proposed solar energy demonstration project which SoCal terms "Operation Sunflower". The project would include construction and operation of solar systems supplying energy to residential units, commercial structures, and industrial facilities. The cost of

As SoCal noted in its brief, the only evidence regarding the substantive aspects of Operation Sunflower was presented by SoCal (with the exception of rate design). Upon completion of SoCal's direct presentation, SDG&E presented three witnesses in support of its claim that any rate increase to meet expenses incurred for Operation Sunflower should not be charged to SDG&E and ultimately to SDG&E's ratepayers. SDG&E's presentation did not deal with the question of whether SoCal's proposal might be a duplication of the efforts that SDG&E has under way in its own solar program. SDG&E's witnesses took no position on SoCal's proposal. SDG&E's basic claim was that its ratepayers supported costs for solar research and development programs, and under such circumstances costs of SoCal's program should not be passed on to SDG&E's customers.

The Position of Interested Parties

The public hearings commenced on April 25, 1977 at Los Angeles, California. A number of representatives of consumers' organizations appeared. To say that they did not support SoCal's application would be an understatement. Representatives of consumers' groups, including a representative from the State Department of Consumer Affairs, opposed the proposition that utility ratepayers should finance the proposed solar research and development project.

The positions of the interested parties filing briefs are as follows:

SDG&E requests to be excluded from any rate increases that would flow from Operation Sunflower on the grounds that it is a resale customer entitled to an exemption from such offset increases, and that it has a past, present, and continuing program for solar energy development.

The position of the city of San Diego is in support of the position of SDG&E. In addition, the city of San Diego urges that the solar project should be rejected in its entirety. The

to accomplish the applicant's goals and states that the goals can be accomplished by careful monitoring of the development of the solar market without Operation Sunflower.

Discussion

The application of solar energy as a cost effective and viable alternative energy source for widespread commercial use may face many obstacles (especially with respect to space heating). We expect that further research and the refinement of existing knowledge will eventually render solar energy a viable alternative or supplement to existing energy sources. SoCal proposed the demonstration project, to be funded by ratepayers, as a means to investigate and evaluate solar energy applications. We commend SoCal for its interest in constructively analyzing solar energy. It reflects the utility's concern and commitment to addressing the overall energy situation.

However, we are denying the relief requested by SoCal. We take this action not based on the overall merits of the utility's proposed "demonstration project", but on our determination that at this time it is not in the public interest to have SoCal's ratepayers fund this "demonstration project". Solar energy is under extensive evaluation by both this Commission and the Energy Commission. We are of the opinion that it is premature to have ratepayers (who are also taxpayers) fund SoCal's studies when extensive study and evaluation is now being conducted by governmental agencies.^{1/}

^{1/} The Energy Commission is charged under state law to carry out studies, research, projects, data collection, and other activities required to assess the nature, extent, and distribution of energy resources to meet the needs of the State, including solar energy resources (Public Resources Code, Section 25401), and to carry out research and development into alternative sources of energy (Public Resources Code, Section 25216(c)). SoCal's proposed effort appears to be duplicative of the Energy Commission's efforts under its legislative mandate.

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O R D E R

IT IS ORDERED that Application No. 57032 is denied.
The effective date of this order shall be twenty days
after the date hereof.

Dated at San Francisco, California, this 13th
day of DECEMBER, 1977.

Robert Bateman
President
William S. Quinn
Vernon L. Sturgeon
Richard D. Howell
Paul S. Smith
Commissioners

APPENDIX A

List of Appearances

Thomas D. Clarke and David B. Follett, by David B. Follett, Attorney at Law; and Jonel C. Hill, for applicant.
David L. Collins, for Solargenics, Inc.;
Herman Mulman, for Coalition for Economic Survival and CAUSE; David Shaw, for himself; and A. Barry Capello, City Attorney, for City of Santa Barbara; protestants.
Edward G. Maschke, for SUNRAE, intervenor.
Burt E. Pines, City Attorney, by Leonard L. Snaider, Deputy City Attorney, for City of Los Angeles; Jeffrey Lee Guttero, Attorney at Law, for San Diego Gas & Electric Company; R. E. Woodbury, R. J. Cahall, W. E. Marx, H. Robert Barnes, by H. Robert Barnes, Attorney at Law, for Southern California Edison Company;
John W. Witt, City Attorney, by William S. Shaffran, Deputy City Attorney, for City of San Diego; Jonathan Blees, Attorney at Law; Gregg Wheatland, Attorney at Law, Public Advisers Office; and Alexander Jenkins, for California State Energy Resources Conservation and Development Commission; William E. Emick, Jr., Attorney at Law, for Long Beach City Gas Department; Robert W. Russell, by Manuel Kroman, for Department of Public Utilities & Transportation, City of Los Angeles; George Ember, for Energy Research and Development Administration, U.S. Government; Burt Wilson, for CAUSE; Benjamin Tobias, for Seniors for Political Action; John Geesman, for California Citizen Action Group; Alex T. Mlikotin, for Solar Systems, Inc.; Charles Ekker, for himself; Agnes Stober, for herself; Michael Aron Weinberg, for himself; Edward Castillo, for UAW Local 808 Organization and CAUSE; Robert D. Bendheim, for himself; and Ted Lucas, for himself; interested parties.
James J. Cherry, Attorney at Law, for the Commission staff.