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Decision No. 88748 APR 18 1978

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own )  
 motion into possible electrical supply )  
 shortages of electric public utilities )  
 resulting from 1976-1977 drought )  
 conditions and emergency measures to )  
 provide for necessary mutual )  
 assistance. )

Case No. 10292

**ORDER VACATING DECISION NO. 87576 and DENYING REHEARING,  
 MODIFICATION, AND CLARIFICATION OF DECISION NO. 87576**

On March 22, 1977, the Commission commenced an investigation into the adequacy of California's electricity supply in view of the 1976-1977 drought conditions. Public hearings were held and on July 12, 1977, the Commission issued Decision No. 87576, which, among other things, ordered Pacific Gas and Electric Company (PG&E) to sell from its El Paso Natural Gas Company purchases, natural gas to the extent it is available, to Southern California Gas Company (SCG) for sale by SCG to Los Angeles Department of Water and Power (LADWP) for its Scattergood 3 Power Plant.

Subsequent to the issuance of Decision No. 87576, PG&E, Air Resources Board (ARB), SCG, and LADWP filed various pleadings with respect to the decision, as follows:

<u>DATE</u>	<u>PARTY</u>	<u>NATURE OF FILING</u>
July 22, 1977	PG&E	Compliance Filing, Application for Rehearing, and Motion for Stay.
July 28, 1977	ARB	Response to PG&E's Filing of 7-22-77.
August 12, 1977	SCG	Petition for Rehearing, Modification, and Clarification.
September 19, 1977	PG&E	Motion to Vacate and Reply to ARB's response of 7-28-77.
September 26, 1977	ARB	Response to PG&E's Motion of 9-19-77.
October 6, 1977	LADWP	Petition for Modification or Clarification.

Since, by its own terms, Decision No. 87576 is not effective beyond December 31, 1977, the passage of time has made the decision, together with the above listed pleadings, moot. The Commission is therefore of the opinion that Decision No. 87576 should be vacated, and that the applications and petitions of PG&E, SCG and LADWP should be denied, all on the ground of mootness. <sup>1/</sup>

One other matter requires our attention. On November 9, 1977, the State Energy Resources Conservation and Development Commission (ERCDC) passed Resolution No. 77-119-4, wherein ERCDC requested that the Commission consider the possibility of continuing Decision No. 87576 in effect for an additional twelve (12) months. The ERCDC also requested that the Commission investigate the feasibility and advisability of ordering the California electric utilities to commence a program of energy banking<sup>2/</sup> in the Pacific Northwest.

The Commission is of the opinion that it is not necessary to grant the request of the ERCDC in view of the precipitation experienced in California and the Pacific Northwest during the last quarter of 1977 and the first quarter of 1978, which has in turn

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<sup>1/</sup> PG&E's motion to vacate dated September 19, 1977, prematurely raised the ground of mootness.

<sup>2/</sup> "Energy banking" refers to the transfer by California electric utilities of thermally generated electric energy to the Pacific Northwest during the spring months for use by the Northwest, which would allow the Northwest to reduce its usage of hydroelectric energy by a like amount. Then in the summer, when California experiences greater peak demands, the Northwest would transfer hydroelectric energy to California as available and to the extent credited earlier. A banking agreement is based on negotiations between the California and Northwest parties and is primarily dependent on the Northwest's ability to store surplus water without reservoir spillage. Any spillage occurring due to either full reservoirs or because vacant reservoir space must be maintained would be deducted from the energy equivalent stored for the California utility.

PG&E successfully used energy banking in the spring and summer of 1977. It paid a service charge of 1 (one) mill per kilowatt-hour of stored energy returned to California. Transmission losses do, however, result from the two-way transfer of electrical energy.

resulted in highly favorable reservoir storage and snow pack levels. Such weather conditions also make it unnecessary to pursue a formal investigation into the practice of energy banking at this time. That subject is presently being reviewed by our staff on an informal basis.

CONCLUSIONS:

1. By the passage of time, Decision No. 87576 has become moot and should be vacated;
2. The above-listed applications and petitions of PG&E, LADWP, and SCG should be denied as moot;
3. It is not necessary to consider extending the effect of Decision No. 87576 or to study energy banking in a formal proceeding.

IT IS ORDERED that:

1. Decision No. 87576 is vacated;
2. The application of PG&E for rehearing and stay of Decision No. 87576 is denied;
3. The petition of SCG for rehearing, modification, and clarification of Decision No. 87576 is denied;
4. The petition of LADWP for modification or clarification of Decision No. 87576 is denied;
5. ERCDC's requests that the Commission consider continuing Decision No. 87576 in effect for an additional twelve months and that the Commission investigate energy banking is denied.

The effective date of this order is the date hereof.

Dated at San Francisco, California this 18th day of APRIL, 1978.

Robert Batimaul  
President

William Sproull Jr  
Vernon L. Steger

David J. Dechick  
Commissioner

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