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Decision No. 92315 OCT 8 1980

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion into the establishing of priorities among the types or 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)

ORDER MODIFYING DECISION NO. 91548
AND DENYING REHEARING

Petitions for rehearing of Decision No. 91548, issued April 15, 1980, have been filed by the Pacific Gas and Electric Company (PG&E) and General Motors Corporation (GM). Pending completion of our review of these petitions, we issued Decision No. 92051 on July 15, 1980, which stayed Decision No. 91548 until further order.

We have now thoroughly reviewed all of the allegations raised by the petitions, and are of the opinion that good cause for granting rehearing has not been shown. However, the petitions do raise several areas of ambiguity which we will clarify in the instant order. We shall also modify our Findings of Fact to reflect the further study we have given to this matter in the course of examining the petitions for rehearing. We lastly address a concern raised by the Metropolitan Water District (MWD) in a letter dated April 22, 1980, to Administrative Law Judge Banks.

We shall first address PG&E's claim that it cannot implement the plan we have adopted for rotating outages. We do not find this argument meritorious. Our review of the evidence has not persuaded us that PG&E has exercised its best efforts in analyzing its system in order to determine whether it could comply

with the Staff's proposal. In fact, the evidence indicates PG&E has not seriously studied the possibility of implementing a rotating outage plan which recognizes priorities since approximately 1974.

Moreover, the Staff's proposal, which we in large part adopted in Decision No. 91548, recognizes the possibility that full compliance by all of the respondent utilities might not be possible. Exhibit 203, p. 3-6, paragraph 12 states in part:

"The utilities' rotating outage plan would reflect the three-level rotating outage priority system to the maximum extent practicable. The utility would be allowed to use its technical judgment in developing its own plan, since customer mixes on circuits differ among utilities. Practical implementation problems and the need for a simple rotating outage plan could prevent the utility from achieving complete compliance with this priority system... In such an instance, the utility would show quantitatively why its plan could not achieve complete compliance."

This language adequately reflects our intent with regard to PG&E's, as well as the other respondents', filings.

PG&E also contends it cannot meet the requirement that rotating outages be of one hour duration, because it lacks the necessary personnel to travel to its many substations as frequently as would be required. It requests a two-hour outage period, as proposed by the Staff.

We have deviated from the Staff's recommendation here because of the evidence presented by many customers to the effect that two-hour outages would be potentially severely detrimental to their businesses. This is particularly the case with commercial customers who store food and other perishable goods. We are persuaded that the present record justifies the one-hour requirement, with longer interruptions requiring utility justification. As discussed above, when it files its action plan PG&E has the option of providing quantitative justification of its inability to achieve

one-hour outages and of proposing a reasonable alternative. Any such showing and proposal will be fully considered at the next set of hearings. Under these circumstances, rehearing is not justified.

We secondly will clarify our intent that the utilities' filings pursuant to Decision No. 91548 correlate with the peak-load reduction plan adopted in the latest decision issued in OII No. 43, in this case Decision No. 91751 (May 6, 1980). Specifically, page 19 of Decision No. 91548 states that Stages I and II of the utilities' action plans should follow the curtailment plans of the latest OII No. 43 decision. GM has argued that this language is not sufficiently specific to indicate just how this correlation is to be made.

Our intent here is that as far as possible, Stage I of the OII No. 43 plan should correlate with the voluntary curtailment plan adopted in Decision No. 91548, and Stage II of the OII No. 43 plan should correlate with the mandatory curtailment plan adopted in Decision No. 91548. We recognize that some differences exist between the two decisions, but do not regard those differences to be significant. To the extent our instant decision imposes requirements beyond those imposed in OII No. 43, our instant decision is controlling.

The two decisions are somewhat different largely because they approach the problem of shortages from different perspectives. Our priorities decision attempts to deal with potential shortages on a long-term basis. Such shortages may or may not allow for advance warning. In addition, they may well be of longer duration than one or even several hot summer afternoons. On the other hand, OII No. 43 has only addressed specific summer emergency peak conditions, one summer at a time. Because of this, the most recent decision in OII No. 43 will expire October 31, 1980 and will have no further force and effect. Thus, while OII No. 43 can and should provide some guidance to the respondents as they devise their action plans, the requirements of Decision No. 91548 are overriding.

GM has further argued that no evidence supports our decision to change the residential class from P-3 to P-1 for the voluntary and mandatory curtailment stages, and that this change undermines one of the principles we espoused in our original priorities decision issued in 1976 (Decision No. 86081). This argument is not persuasive. The Staff testified at several points in the record on its recommendation that some minimal amount of residential usage should be considered essential and put in category P-1. Simply put, we agree. To the extent this differs from our earlier position, it represents further refinement of our policy on priorities. It does not disturb the basic principles expressed in Decision No. 86081, which can be summarized as: (1) assuring equitable distribution of the burden of curtailment, (2) no direct relationship between first curtailments and economic production, and (3) maximum load reduction early so as to avoid rotating outages if at all possible.

We next address MWD's concern over our decision not to automatically exempt water utilities and sewage treatment facilities from rotating outages as essential customers. We are persuaded by the Staff's testimony that at least in many cases, automatic exemption of these types of facilities would preclude the electric utilities from implementing our rotating outage plan because so many circuits include these facilities. Our decision does provide that individual water utilities or sewage treatment facilities may request an exemption from a specific rotating outage if an emergency exists. MWD complains that this leaves to the discretion of the utility the decision whether to grant such requests.

This is not our intent. Rather, if such a request is made, we fully expect the utility to grant it. We are of course relying on the good faith of the water and sewage facilities to refrain from requesting an exemption unless absolutely required to ensure the public's health and safety. In view of this clarification, we do not consider it necessary to modify the language of our order.

Finally, our further review of this matter has disclosed several areas where modified or additional findings of fact are necessary. Therefore,

IT IS HEREBY ORDERED that Decision No. 91548 is modified as follows:

1. New Finding of Fact 18 is added to read:

"The record evidence is not persuasive that substantial implementation of the plans adopted herein by all or any of the respondent utilities is impossible."

2. New Finding of Fact 19 is added to read:

"Evidence presented by various customers concerning the potential problems caused by rotating outages of greater than one hour duration supports our adoption of the one-hour period, with longer periods requiring utility justification."

3. New Finding of Fact 20 is added to read:

"There is evidence to support giving P-1 status to minimum residential usage in the voluntary and mandatory curtailment stages."

4. New Finding of Fact No. 21 is added to read:

"There is also evidence to support combining P-4 and P-5 into a single comfort and convenience category."

5. The sentence beginning on line 15, page 19, is changed to read:

"Stage III should include filing mandatory curtailment plans for all utility customers meeting the criteria set forth in Appendix A attached hereto."

IT IS FURTHER ORDERED that rehearing of Decision No. 91548 as modified herein is hereby denied.

IT IS FURTHER ORDERED that as of the effective date of this order, the stay of Decision No. 91548 imposed by Decision No. 92051, dated July 15, 1980, is of no further force and effect.

The effective date of this order and of Decision No. 91548 as modified herein is the date hereof.

Dated OCT 8 1980, at San Francisco, California.

John E. Bryan
President
Deborah L. Sturgeon
Richard W. Havelle
Lawrence L. Quinn
Commissioners

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.