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Decision No. 82305

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

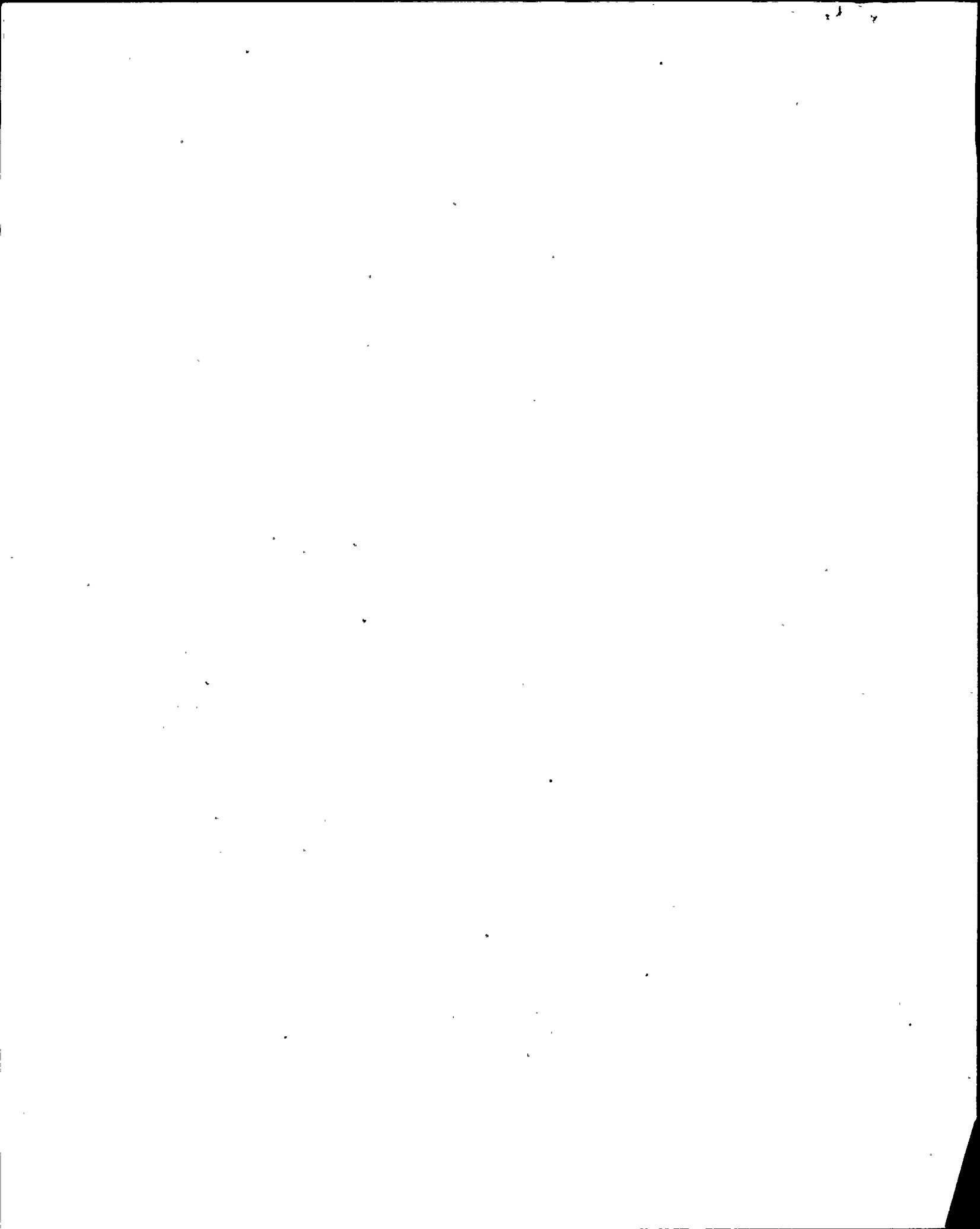
Investigation on the Commission's
Own Motion into the Adequacy and
Reliability of the Energy and Fuel
Requirements and Supply of the
Electric Public Utilities in the
State of California.

Case No. 9581

SECOND INTERIM ORDER

On November 13, 1973 by Decision No. 82139 we ordered all respondent electric utilities herein to proceed forthwith to put into operation those phases of the conservation and curtailment plans filed with the Commission dealing with voluntary conservation and curtailment of the use of electricity. The objective to be achieved was a reduction in the use of electric energy by not less than ten percent (10%) of usage in the corresponding months of the prior year. All respondent electric utilities were ordered to provide progress reports within fifteen days of the effective date of said order and every fifteen days thereafter with respect to the effectiveness of their usage reduction programs. Publicly owned electric utilities were urged to proceed in support of said order and to submit parallel reports to the Commission.

The order directing respondent electric utilities to implement the voluntary phases of their filed curtailment plans to reach an overall reduction of ten percent (10%) was based upon indications of growing shortages of supply and the appearances of actual economic dislocations arising from the fuel shortages, which indicated the necessity for prompt implementation of comprehensive energy conservation measures. All who live within the State of California were called upon to practice voluntary individual conservation to the fullest extent possible in order to minimize the consequences of dislocations in normal patterns of fuel and energy

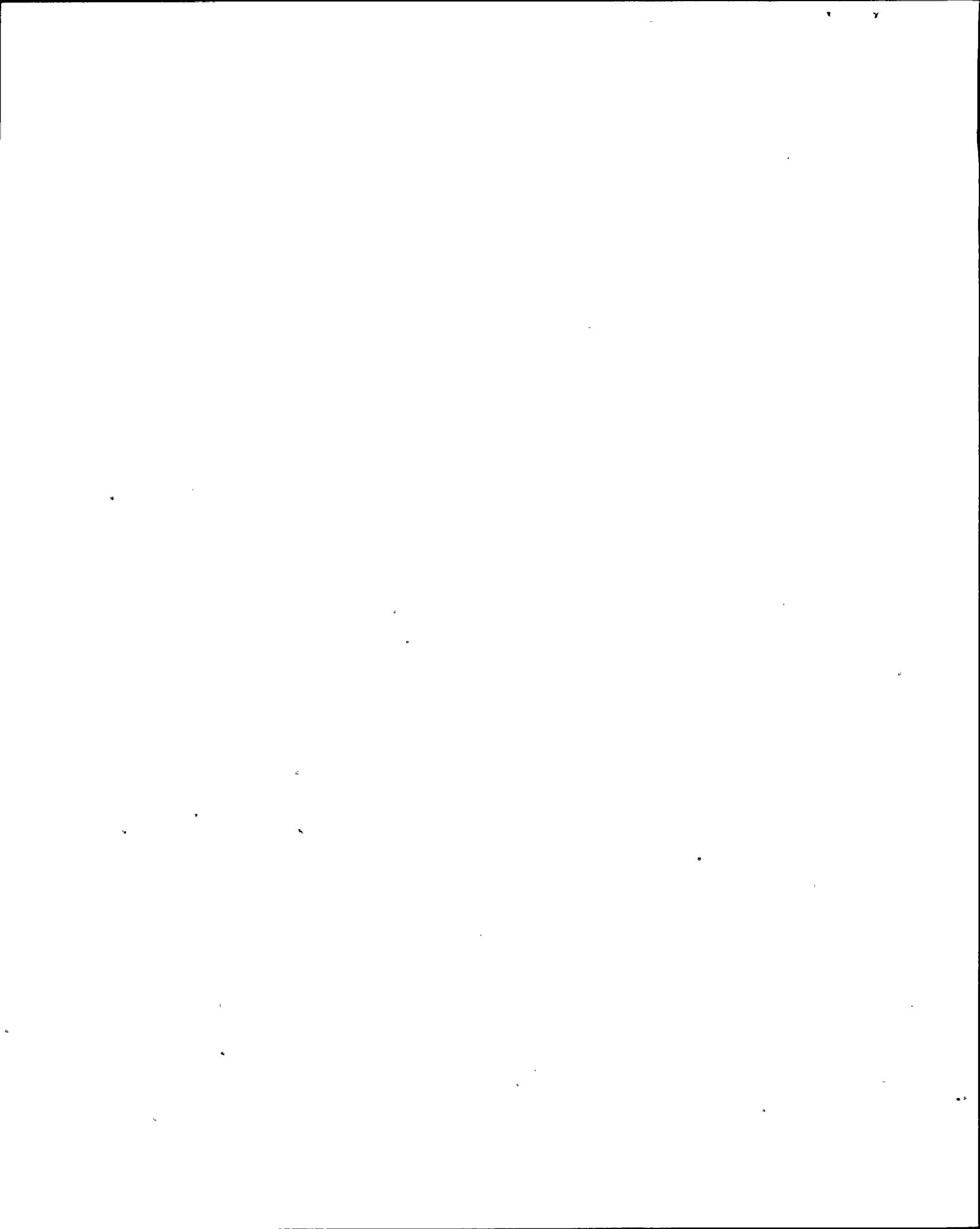


use. It was stated that the degree of success of voluntary participation would be indicative of whether more restrictive mandatory curtailment procedures would be required.

Because of the necessity to achieve prompt implementation of a voluntary program, simplicity in the initial approach to reducing consumption was paramount. Accordingly, an initial goal of ninety percent (90%) of the amounts consumed in the corresponding month of the prior year was established as the voluntary goal to be achieved. It was recognized that in some cases adjustment for changes in consumption patterns during the intervening twelve-month period would be appropriate.

On November 29, 1973, scheduled hearings commenced concerning the conservation and curtailment plans for various classes of electric utility service as well as proposed mandatory curtailment orders filed by the respondent electric utilities and by the Los Angeles Department of Water and Power (DWP)^{1/}. Upon completion of ten days of hearings, evidence has been received with respect to plans filed by Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas and Electric Company and the Los Angeles Department of Water and Power. Testimony has also been received from the Cities of Glendale and Burbank. Mayor Bradley of the City of Los Angeles and Councilman Joel Wachs of the City of Los Angeles appeared and made statements concerning the particularly critical fuel supply and shortage problems facing the Los Angeles Department of Water and Power and urged the Commission to provide assistance in solving this problem. Testimony was also received from various consumer representatives as well as individual industrial users of electricity. The week of

^{1/} The DWP is a municipally owned utility, as are the electric utility facilities serving the Cities of Glendale, Burbank and Pasadena. These utilities are not subject to the regulatory jurisdiction of this Commission.



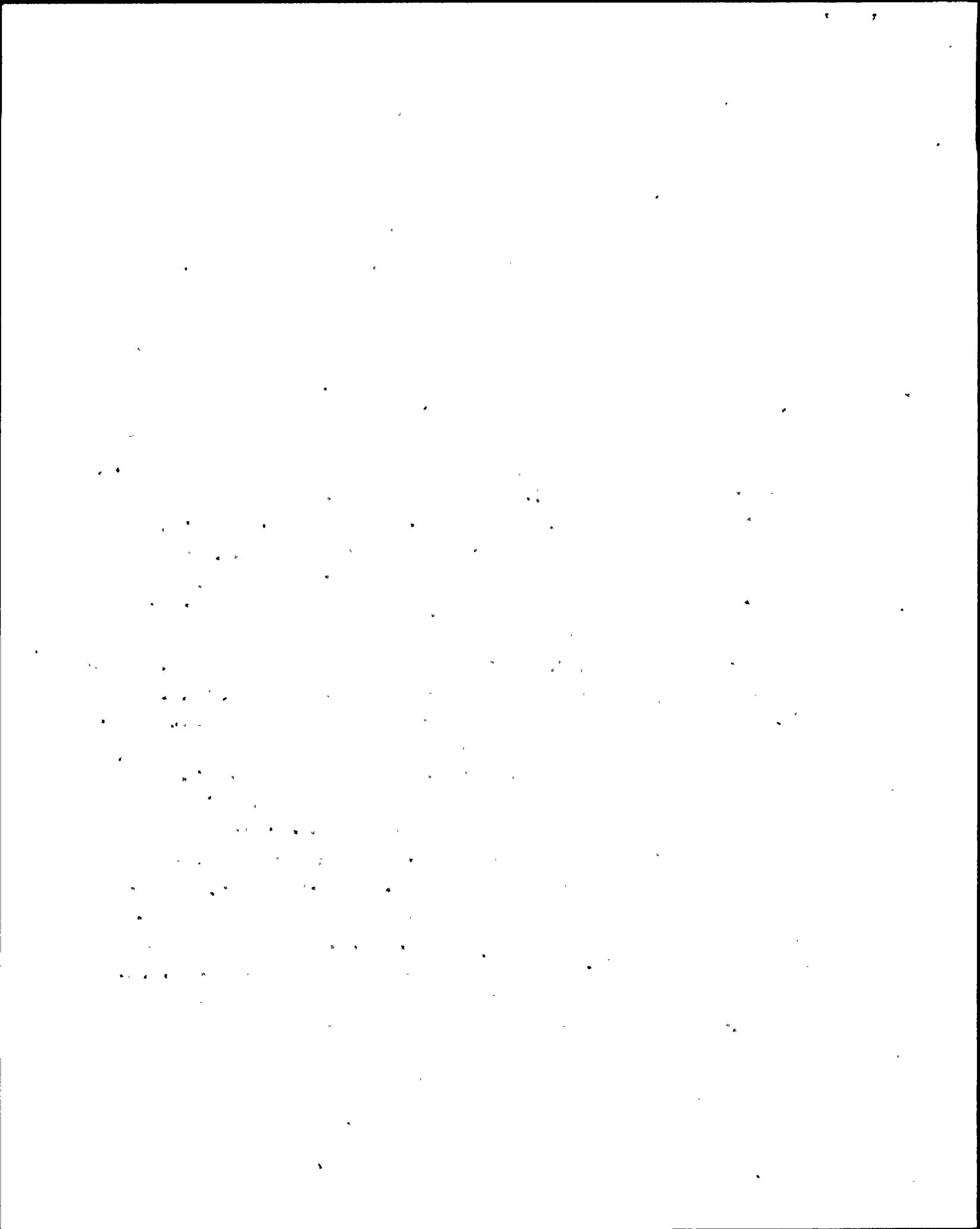
January 14, 1974 is scheduled for the taking of additional evidence from representatives of consumer interests.

In separate but related steps, the Commission has acted to expand its consideration of the effects of the worsening shortage of petroleum products. An Order Instituting Investigation was issued on December 7, 1973 in Case No. 9641 with respect to fuel supply and requirements in the regulated transportation industry. Hearings commenced therein on the 17th of December and are scheduled to continue starting January 8, 1974. On December 18, 1973, in Case No. 9642, the Commission opened an investigation into the natural gas supply and requirements of gas public utilities in the State of California to be consolidated with the investigation herein. Hearings are scheduled to commence in San Francisco on January 28, 1974. In the meantime respondent gas corporations, Pacific Gas and Electric Company, San Diego Gas and Electric Company, and Southern California Gas Company have been ordered to proceed forthwith to place into operation those phases of the voluntary conservation and curtailment plans filed with the Commission in response to the Commission's letter of November 13, 1973. Progress reports were ordered to be provided every fifteen days.

THE NECESSITY FOR MANDATORY CURTAILMENTS

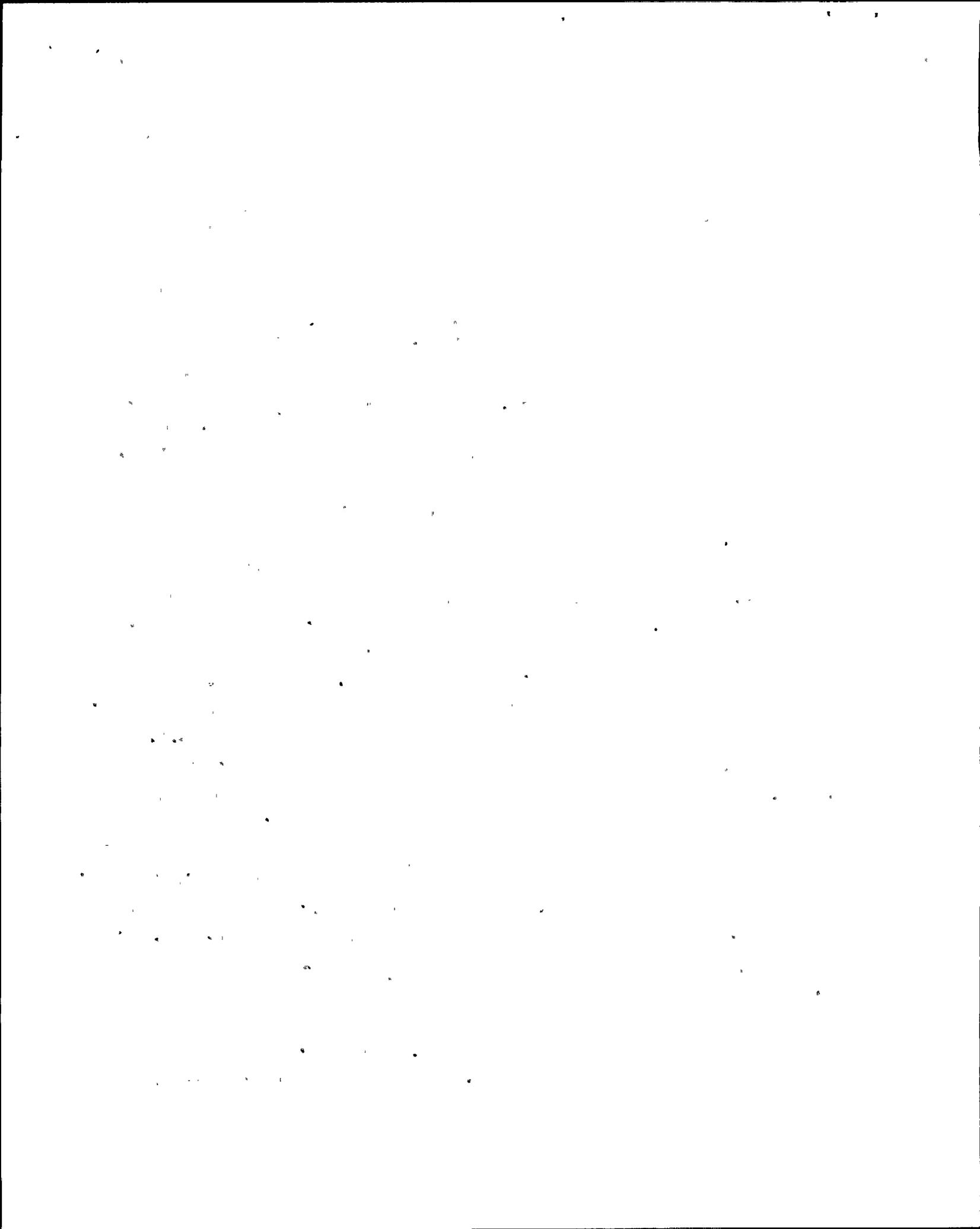
During the ten days of hearings herein commencing on November 29, events have occurred which, when considered in light of the record as it has developed so far, lead to the conclusion that mandatory curtailments of certain end uses of electricity are necessary and appropriate without further delay, in order to protect the public health, safety, comfort, and convenience.

On December 13, 1973, the Federal Energy Office (FEO) published for comment proposed rules for the mandatory nationwide allocation of middle distillate fuels and residual fuels, among others (Fed. Reg., December 13, 1973, page 34414 et seq.). Comments were duly filed by the Commission in supplement to those submitted by the Honorable Ronald Reagan, Governor of California. Moreover,



representatives both from the Governor's office and from the Commission were dispatched to Washington to participate further in the procedures established to consider the comments submitted by the states and other interested parties. Congress denied a request by FEO for an extension of time in which to issue final regulations, however, and the original deadline of December 27, 1973, had to be met. This schedule left very little time for detailed consideration of the many comments which were submitted. Analysis of the proposed rules, which have now become final without substantial modification, indicates that their mandatory implementation will tend to continue an overall deficiency of fuel oil for electric generation in California, absent specific action by FEO to shift oil supplies away from other areas of the country into this state. Quantification of the overall deficiency is rendered uncertain due to both internal and external factors.

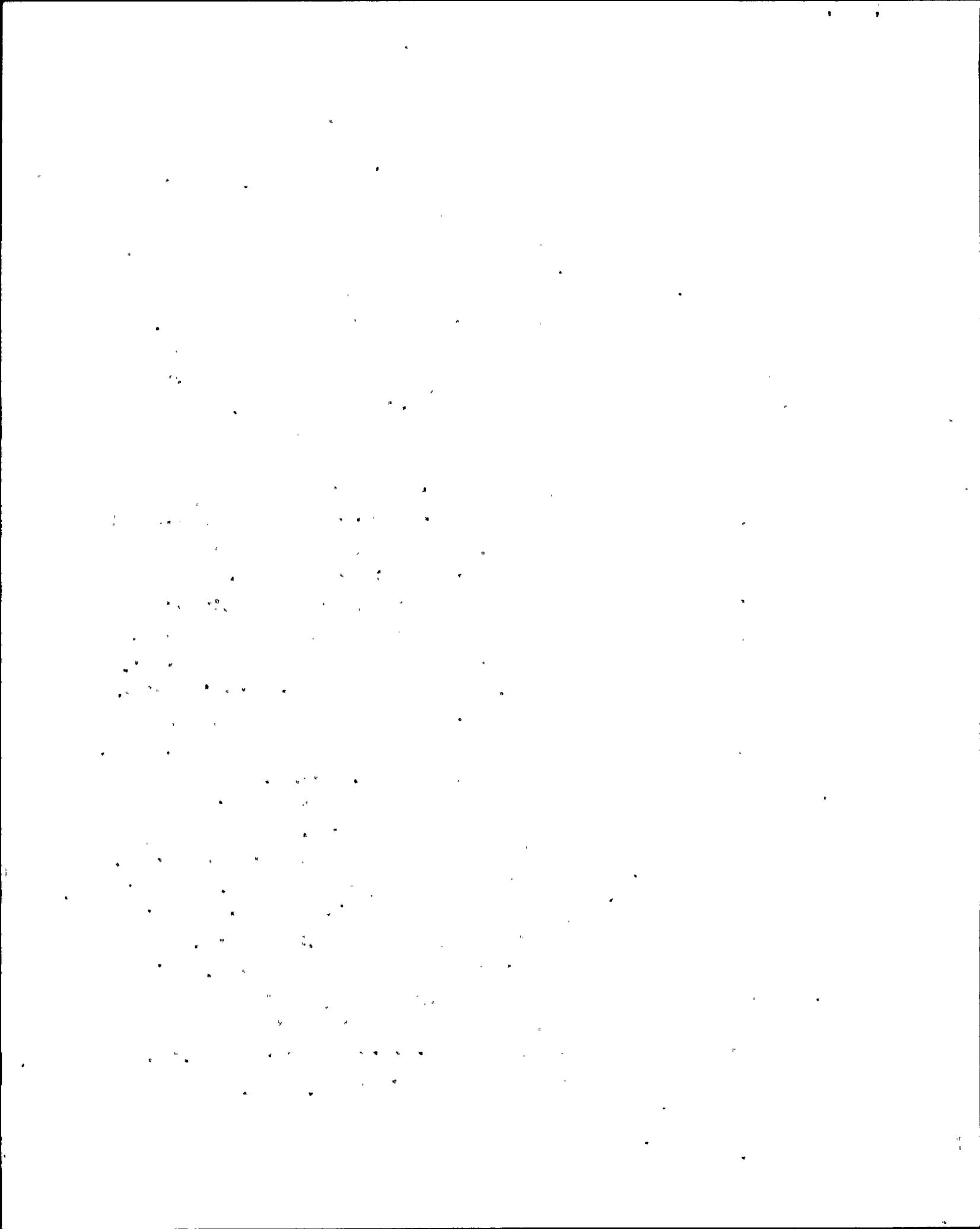
Internally, the Department of Defense has top priority allocation to meet its requirements. On November 28, 1973, twenty-two oil companies, some of which are suppliers to California utilities, were ordered to supply a total of 19.7 million barrels of petroleum to the Department of Defense in addition to regularly contracted supplies, during the two-month period from November 1 through December 31. As a result, contracted deliveries to California utilities were reduced on a pro rata basis. (Tr. 1350-1352, 1358.) Due to a relatively large concentration of military bases in California, subsequent Department of Defense preemption of fuel oil supplies destined for civilian markets in California, including electric utilities, can be expected to have significant adverse effects. For example, in early December a tanker loaded with 500,000 barrels of very scarce low-sulphur crude oil destined for use by the Los Angeles Department of Water and Power was preempted for use on the Island of



Guam. No replacement oil of any kind or quality was provided to that utility, which is critically short. (Tr. 2540.)

Externally, the embargo on deliveries of oil to the United States imposed by some Arab countries has raised uncertainties as to the ultimate delivery of oil from these areas which is under either firm contract or negotiation. The price of crude oil, particularly that from sources in the Middle East, has been rising steeply. Recently there have been reports that the price of a barrel of oil from certain members of the organization of petroleum exporting countries (OPEC) has been increased from \$5.11 per barrel to \$11.65 following a two-day conference of the ministers of those countries. This increase comes on top of a reported seventy percent (70%) increase to \$5.11 a barrel just two months ago.

In addition to steeply rising fuel oil prices and the uncertainties of ultimate delivery of supplies under contract or negotiation, imbalances are beginning to develop with respect to the levels of service electric utilities can provide their customers in California based upon existing levels of fuel oil storage. The number of days of electric generation based upon oil in storage appears to be acutely short for the City of Glendale followed by the Cities of Burbank, Pasadena and Los Angeles. On December 13, 1973, the City of Los Angeles approved an emergency energy curtailment plan which became effective on December 21. The Commission has been advised that the Cities of Burbank, Glendale and Pasadena have enacted or are in the process of enacting emergency ordinances, putting into effect curtailment plans of their own. The basic purpose of said mandatory curtailment plans is to extend the ability to generate electricity for uses affecting public health, safety, and well-being, based upon oil in storage, by ordering the mandatory curtailment of what are considered to be less than essential uses of electricity. Because the inter-relationships of economic activity overlap individual utility

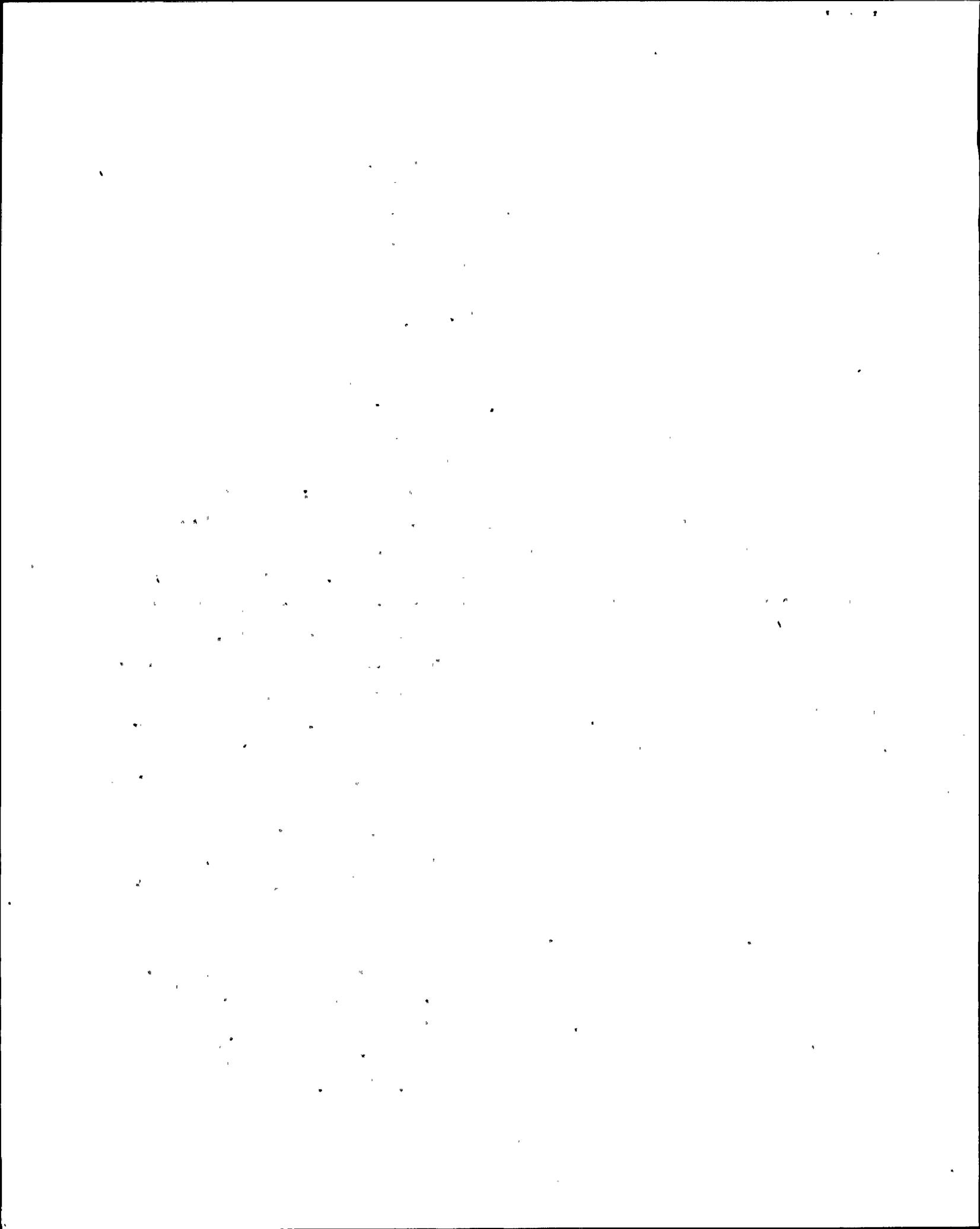


service areas, deep curtailments in electric service by one utility can adversely affect economic activity on a broader base extending over the service areas of more than one utility.

In view of the foregoing developments it is concluded that the overall fuel supply situation for California is not sufficient to meet foreseeable generating needs. Depending upon the variables discussed, the shortage will be between ten and twenty percent (10%-20%) of normal requirements for the years 1974, 1975 and 1976, if conditions presently confronting us become chronic for this period.

THE COMMISSION'S AUTHORITY
TO ORDER MANDATORY CURTAILMENTS

The power of the Commission to issue orders directing the mandatory curtailment of the delivery of electrical power for certain uses was thoroughly explored on this record in oral argument before Commissioners Sturgeon, Symons and Vukasin on December 14, 1973, in the Commission Courtroom in San Francisco. The power of this Commission to curtail deliveries of electricity to preserve the public health, safety and well-being, and to extend the ability of electric utilities to serve such uses in times of fuel shortages such as we are now experiencing, is no less than the power previously exercised by this Commission when orders were issued limiting deliveries of electricity for certain uses and under certain conditions during the capacity and energy shortage of 1947/1948.. (47 C.P.U.C. 769, 801. See also 17 CRC 569, at 571 and 761.) Indeed, it would make little sense to say the Commission has powers to determine the standards of service regarding the public health, safety, convenience and necessity pursuant to Public Utilities Code Sections 451, 453, 701, 702, 761, 768, 770, 1001 and 1002 in times of growing electricity supply, if the Commission did not have the same powers pursuant to the foregoing Code sections to set standards of service for public health, safety, convenience and necessity in times of electricity shortages.



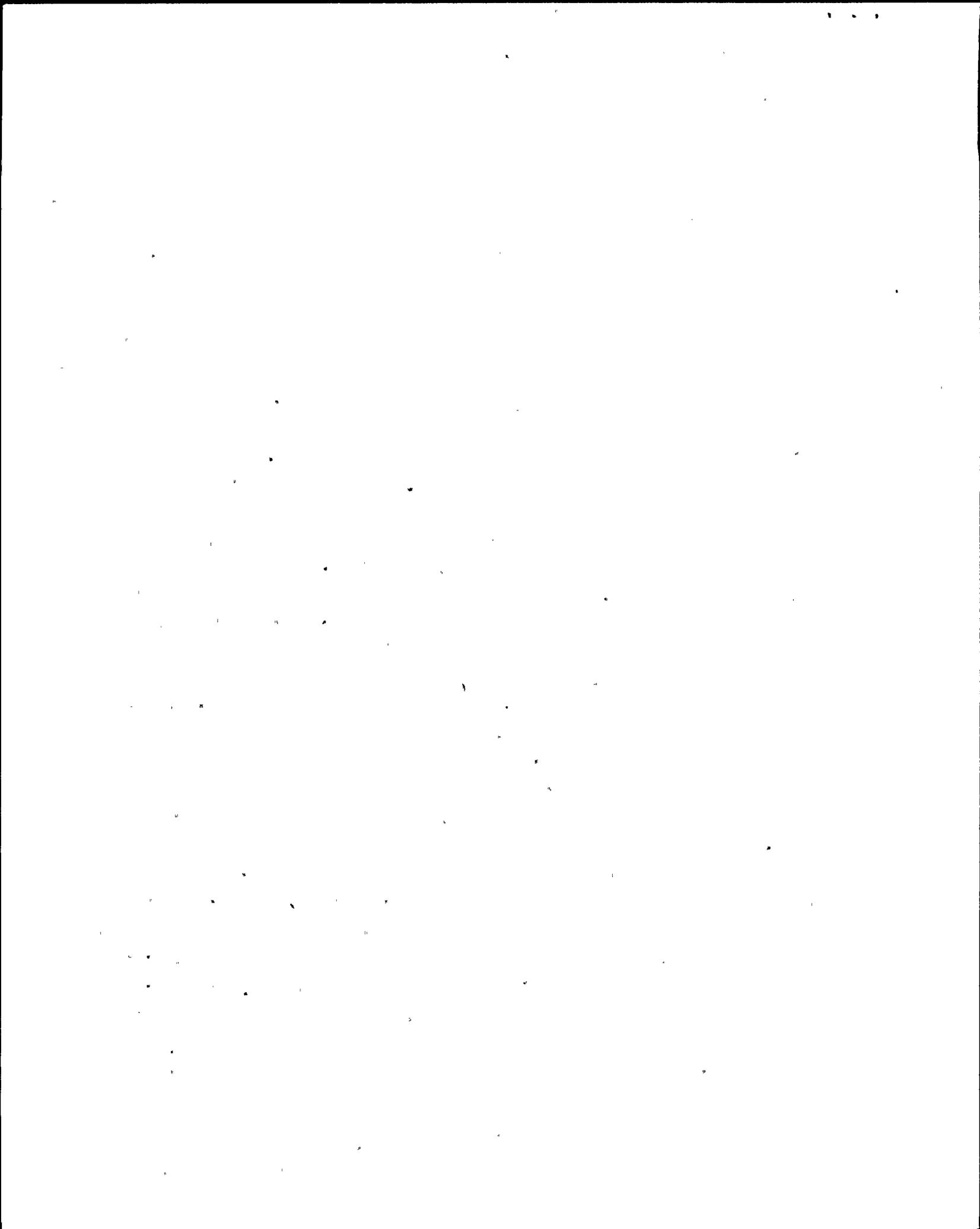
We proceed, therefore, to perform our duty in this regard with full confidence in our authority to undertake and enforce the actions ordered herein and such further curtailment orders as circumstances may require.

EXPANDED VOLUNTARY ACTION AND
MANDATORY PROHIBITIONS

In Decision No. 82139 we stated that the degree of success of voluntary curtailments would be indicative of whether more restrictive mandatory curtailment procedures would be required. While the record indicates it is still too early to get a clear indication of the degree of success of the voluntary curtailment effort, there are preliminary indications that requests for voluntary conservation are receiving widespread support. The preliminary results are encouraging; however, in view of the deteriorating fuel availability situation discussed above, it is found and concluded that voluntary efforts must be expanded and mandatory limitations on deliveries of electricity for certain uses of electricity as set out in Appendix A, attached hereto, are necessary and appropriate in the interests of extending fuel availability to provide electricity for uses deemed more essential to the public health, safety and well-being.

It should be emphasized that the requirements imposed by this order are based upon a careful consideration and reflection of the record herein. It is noted that some electric utilities did not suggest percentage reductions in the use of electricity for individual classes of service and also that not all respondent utilities recommended that the Commission implement a curtailment plan state-wide in scope. Moreover, it is recognized that the record has not been fully developed with respect to proposals by individual trade associations and end users scheduled to testify during the week of January 14, 1974.

Accordingly, the provisions ordering mandatory curtailment or prohibition of deliveries of electricity for certain uses are

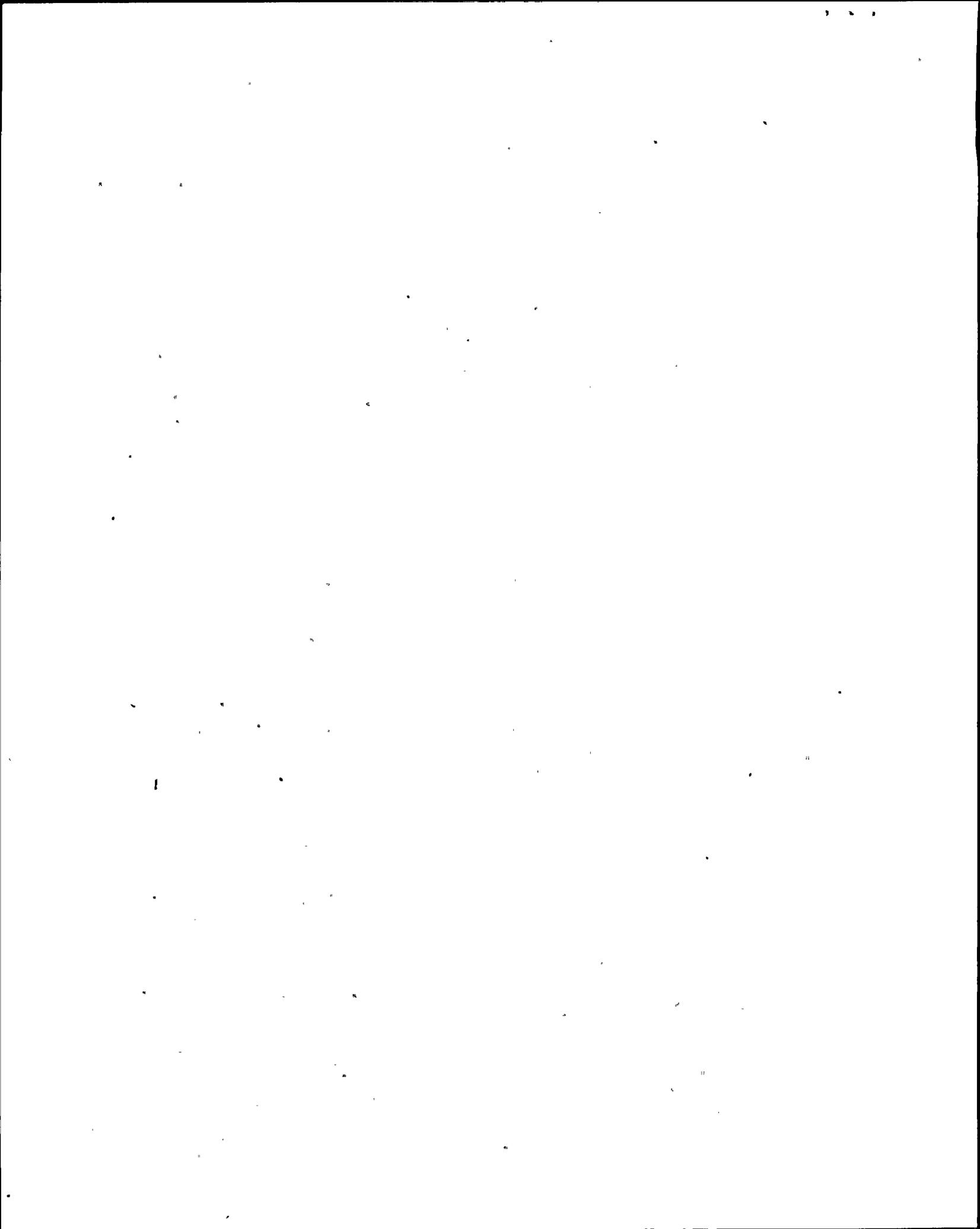


based upon what appears to be realistic in light of the record as it is now developed. Those uses for which mandatory measures are not deemed feasible or desirable at the present time will be subject, however, to expanded efforts to achieve conservation to the extent of fifteen percent (15%) of normal usage, rather than ten percent (10%) as heretofore ordered. For the many customers whose requirements have not increased, this reduction will mean an average obligation of eighty-five percent (85%) of the amount consumed in the prior year. Where consumption patterns have, of necessity, changed, the eighty-five percent (85%) obligation will relate to current requirements for such customers and for the utility system as a whole as measured against normal forecasts.

The record in our proceeding thus far indicates that various types and sizes of customers can achieve greater reductions than the average without severe consequences. For example, substantial lighting reductions by commercial customers, coupled with other accommodations, should produce greater than average reductions. Large residential customers also have the potential to achieve greater-than-average reductions by prudent and more efficient usage of electrical appliances. If such reductions are achieved by those best able to shoulder them, it may be possible to continue those levels of service necessary to sustain service to the very small residential customer and other agricultural, commercial and industrial customers at levels beneficial to the social and economic well-being of all.

Our hearings are continuing on the complex requirements associated with broad-ranging, mandatory provisions. It should be noted that no specific restrictions are placed upon new connections at this time; however, if a service is offered for connection that falls within one of the classifications subject to mandatory curtailment as ordered herein, such new service may be connected only upon a comparable curtailed basis.

The requests of some utilities that they be exempted from



statewide conservation and curtailment orders are denied. It is of the utmost importance that shortages be spread across the greatest possible base both statewide, regional and national so that no single area suffers critical shortages.

THE COMMISSION FINDS:

1. Further developments of which the Commission has become aware in its investigation of the statewide shortage of fuel available for the generation of electricity make it necessary to institute the mandatory actions ordered herein to prohibit or curtail certain end uses of electricity pending final orders in this case.

2. The prohibitions and curtailment orders contained herein are necessary in order to protect the public health, safety and welfare and minimize the hardship upon the people of this State during the present fuel shortage, by extending available fuel supplies required for the generation of electricity.

3. All users of electricity, including those which are directly affected by the mandatory provisions set forth herein, should be urged by the respondent electric utilities to devote full efforts to achieving a minimum fifteen percent (15%) reduction in their normal usage of electricity.

4. Mandatory percentage curtailment provisions affecting all customer groups of the respondent electric utilities should await completion of the hearings already scheduled in this investigation in order to assure the formulation of workable, enforceable orders which avoid unjust discrimination or counterproductive results among the various customer classes affected.

IT IS ORDERED that:

1. Within twenty days after the effective date of this order, each respondent electric utility shall file appropriate tariffs incorporating the prohibitions and curtailment orders set forth in Appendix "A" hereof. Such filings shall be made in



accordance with General Order No. 96-A and shall be effective on the date of filing.

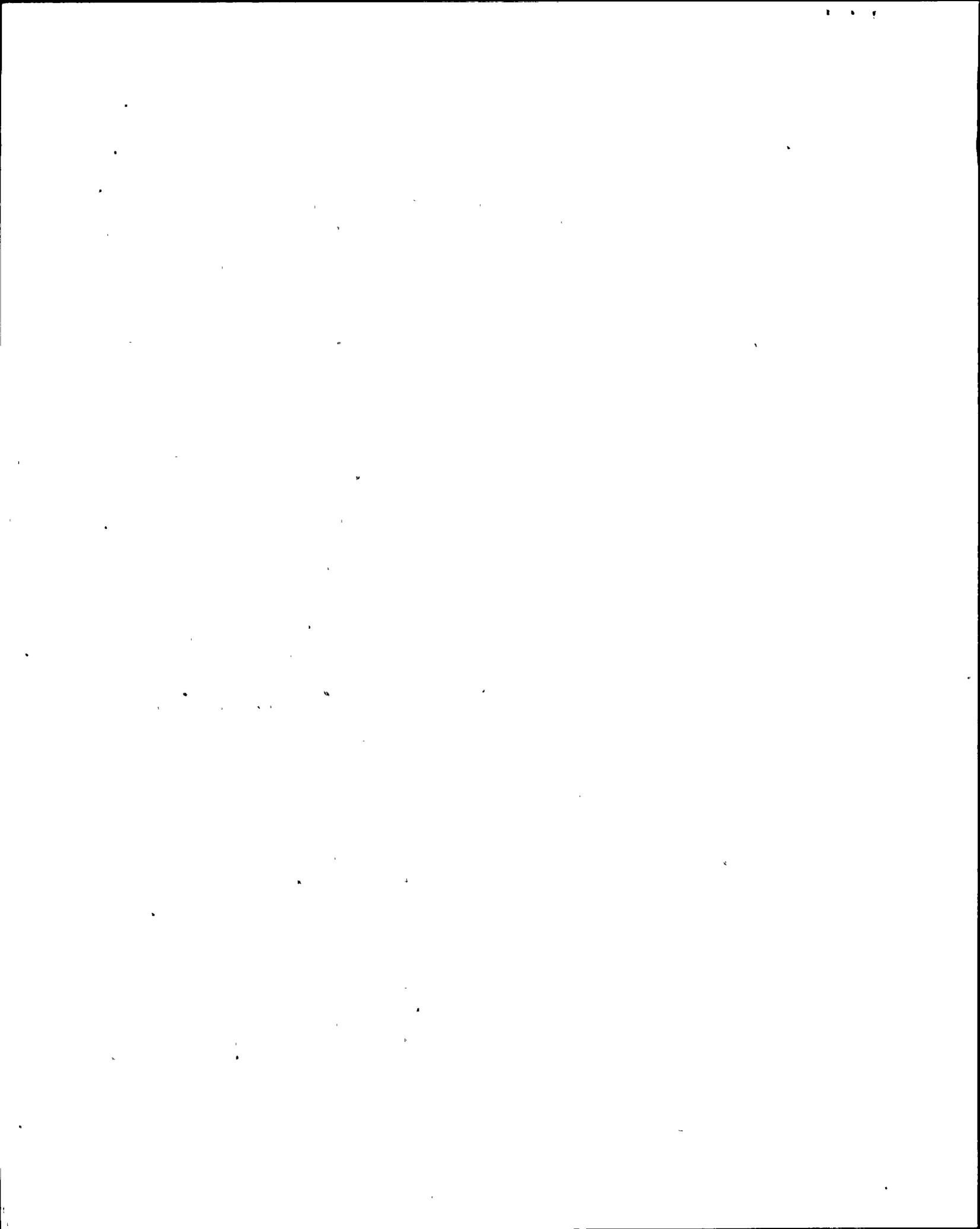
2. Violations of such prohibitions or curtailment provisions, when effective, shall be handled in the same manner as violations of a tariff which has been duly filed and accepted by the Commission.

3. For the period of time in which this interim order is in effect, requests by customers of respondents for special relief from such prohibitions or curtailment provisions by reason of special hardship or impossibility of compliance shall be handled in the manner provided for formal complaints under the Commission's Rules of Practice and Procedure, except that the "letter-of-defects" procedure contained in Rule 12 shall be waived and the complaint shall be deemed subject to immediate answer in the manner prescribed therein.

4. All respondent electric utilities are directed to inform all of their customers, whether or not such customers may be otherwise affected or covered by the prohibitions or curtailment provisions contained in Appendix "A", of the urgent necessity of their achieving a fifteen percent (15%) cutback of usage. Such information shall contain to the extent practicable specific recommendations as to the manner in which such reduction may be achieved for each class of customer and shall specifically include for residential customers information regarding the relative electricity requirements of the various types of standard household appliances.

5. The reporting requirements ordered in paragraph 2 of the first Interim Order in this case shall continue in effect pending further order of the Commission.

The Secretary is hereby directed to cause certified copies of this order to be served upon each respondent to this investigation and also upon the various governmental agencies, publicly owned electric utilities, major fuel suppliers and other



informed parties listed in Appendix "C" to the Order Instituting Investigation herein, to members of the California Legislature, and to those parties entering appearances in the proceedings herein, not otherwise included in Appendix "A" or Appendix "C" to the Order Instituting Investigation:

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 3rd day of JANUARY, 1974.

VERNON L. STURGEON

President

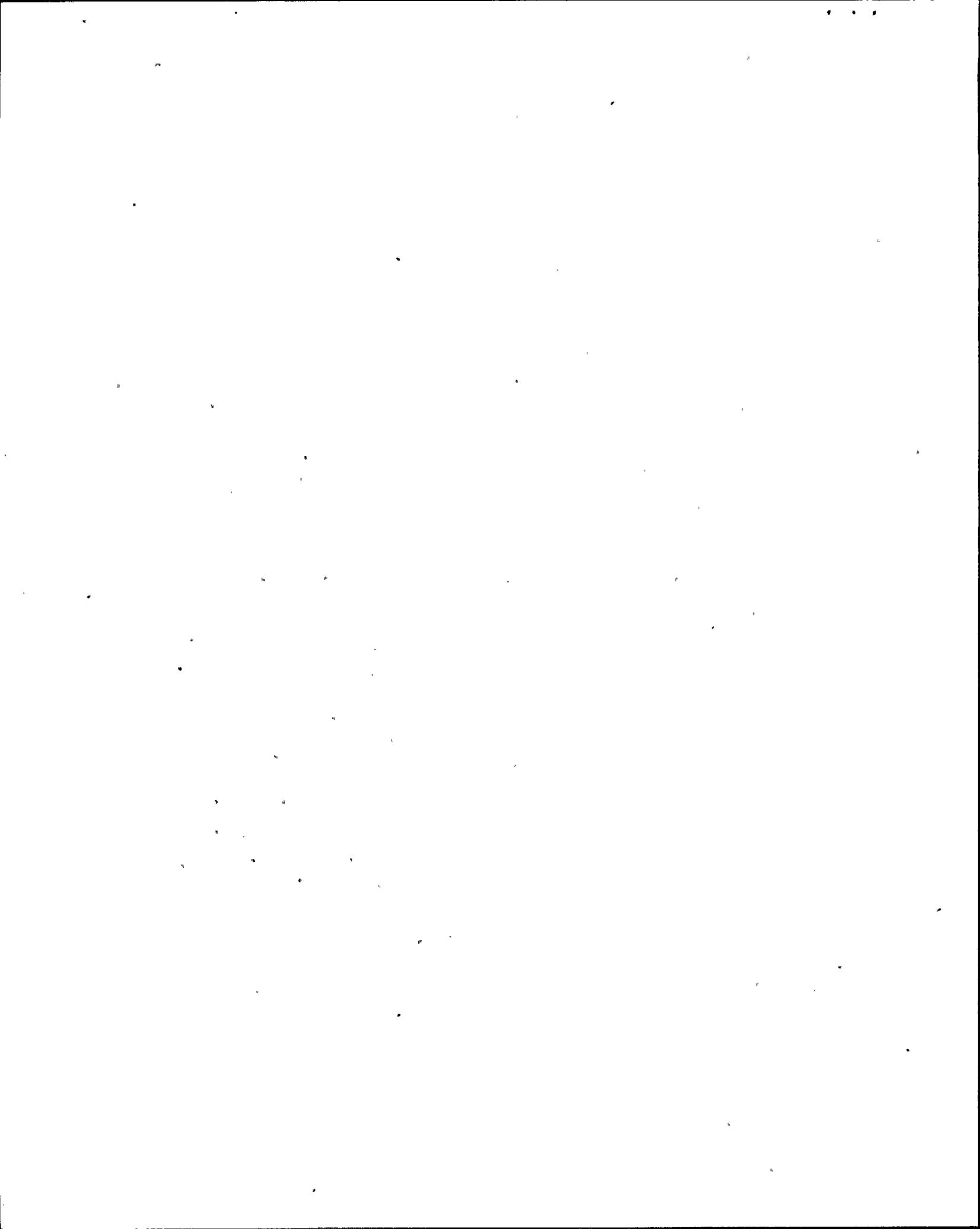
WILLIAM SYMONS, JR.

THOMAS MORAN

D. W. HOLMES

Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

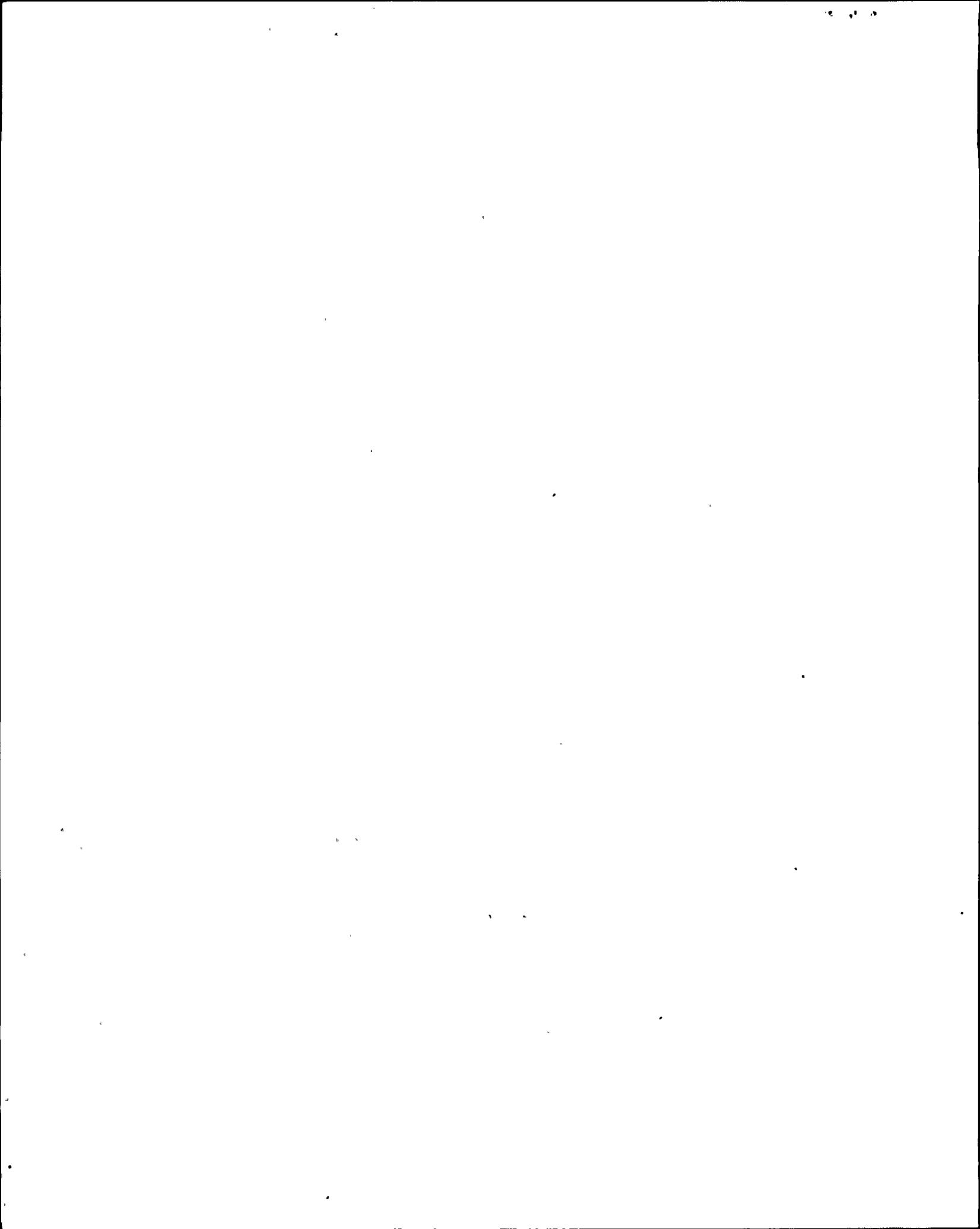


APPENDIX "A"PROHIBITIONS AND CURTAILMENT PROVISIONS(a) Outdoor Advertising and Decorative Lighting

- (1) No customer shall at any time make, cause or permit any use of electrical energy for lighting of billboards, signs, advertising goods or services or to identify the providers of goods or services, displays of goods, objects or designs symbolic of commercial enterprises, trademarks or logo, or motors or devices to rotate or move advertising signs or operate pumps or other devices in fountains which are primarily decorative, building floodlighting, architectural or decorative lighting, or lights used for landscaping, or any similar form of lighting based upon the use of electrical energy supplied by the utility.
- (2) Notwithstanding the provisions of subsection (a)(1) hereof, each business establishment may operate its window and display lighting and illuminate one outdoor sign between the hours of sunset and one-half (1/2) hour after closing, and each billboard may be illuminated between the hours of sunset and 9:00 p.m., local time.

(b) Functional Outdoor Lighting

- (1) No customer shall make, cause or permit any use of electrical energy for the floodlighting of outdoor commercial areas including, but not limited to, service stations, used car lots, new car lots, automobile parking lots, or similar businesses, between the hours of sunrise and sunset, and when not open for business.
- (2) Notwithstanding the provisions of subsection (b)(1) hereof, after sunset, when such activities are open, the use of electrical energy for such purposes shall be reduced to fifty percent (50%) of normal or usual levels. Furthermore, prohibited uses of electrical energy from the utility are not applicable to that minimum lighting necessary for public safety, or for security, or that required by law, or required for the lighting of essential governmental buildings utilized for police, fire protection, health and communications purposes.



APPENDIX "A" (Cont'd)(c) Comfort Heating and Cooling

- (1) 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 68°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.

(d) Outdoor Public Gatherings

No customer shall make, cause or permit the use of electrical energy for recreational or cultural activities in excess of eighty-five percent (85%) of the normal or usual amount used by that customer for the same, or similar, activities.

(e) Indoor Business Lighting

- (1) No customer shall make, cause or permit the use of electrical energy for lighting the interior of any business establishment during that period of time that said establishment is not carrying on the usual and customary activities of that business.
- (2) Notwithstanding the provisions of subsection (e) (1) hereof, a business establishment may provide sufficient illumination at all times to provide a minimal level of protection and security to persons and property.
- (3) Nothing in these subsections shall be construed to prohibit ordinary and customary maintenance and janitorial services at times other than those during which the business establishment is carrying on the usual and customary activities of that business.

