

Energy Crisis Bill Gets an OK

Assembly Approval
8-10-73 SF CHR

Sacramento

Major legislation aimed at easing the state's projected energy shortages barely cleared the Assembly yesterday amid warnings of blackouts and brownouts hitting California in the next few years.

The bill would create a new five-member state commission, which would decide if and where nuclear power plants should be built and conduct experiments to increase the efficiency of electrical products.

It would be the only agency in the state to decide the siting of nuclear power plants. Currently, a maze of local and state agencies must approve nuclear power plants in addition to the atomic energy commission.

Assemblyman Charles Warren's measure also would impose a new tax on

electricity which would take about \$31 million from state taxpayers each year. The money would be used to finance the research activities of the proposed Energy Resources Conservation and Development Commission.

BILL

The bill was sent to the Senate on a 41-31 vote, the minimum needed for passage in the 80-member Assembly.

Even if his bill becomes law, Warren (Dem.-Los Angeles) said some areas in California will suffer blackouts and brownouts within two years. But he added, "every year we delay this legislation will mean one more year of blackouts."

Opposing the bill are several powerful utility companies and General Electric Co., one of the largest builders of nuclear power plants. The utilities contend the bill would make construction of new power plants even more difficult than it is now.

The measure is based on the controversial Rand Corp. report which recommended that the state should spend more time trying to conserve energy by increasing efficiency and less on just building new power plants to meet energy demands.

The report predicted California will need between 80 and 120 new nuclear reactor units by the year 2000 if the state continues its current growth patterns, and warned that such reliance on nuclear power could be dangerous.

COMMISSION

The new commission would be composed of an economist, a lawyer, an ecologist, a member of the public and a scientist. None of the members could be connected with utility companies.

Warren said one possible action by the commission might be to compel new homes to be better insulated, a move which would cut in half the electricity needed to heat homes.

United Press

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6-Part II

TUESDAY MORNING, SEPTEMBER 11, 1973.

Energy Solutions and Shortcomings

President Nixon has proposed dealing with the threat of national energy shortages in the months and years ahead through a series of administrative and congressional actions aimed at increasing supplies of various fuels from domestic sources. The goal is greater self-sufficiency in energy, so that the United States can reduce its reliance on possibly undependable foreign suppliers of oil.

In economic and political terms, all this makes sense. The trouble is that any short-term expansion of domestic energy supplies involves certain penalties whose costs must be carefully weighed. Thus, what stands out among Mr. Nixon's proposals is that nearly all carry greater or lesser risks of damage to the environment.

It is these environmental risks, in fact, that have so far held up adoption of many of the ideas the President now urges, among them eased rules for the strip mining of coal, a relaxation in state and city air quality standards, and an acceleration in the construction of nuclear power plants.

The immediate energy-environmental problem for the nation is a shortage of clean-burning hydrocarbon fuels, like natural gas and low-sulfur oil. High-sulfur oil is available, and the President wants air quality standards in certain states lowered so that this fuel can be burned during the winter heating season. That may indeed be necessary, though any easing of standards should be only to the minimum extent needed, in terms both of duration and of a permissible lowering of air quality.

Mr. Nixon also called on Congress to act quickly to deregulate the price of natural gas, which would

mean a price increase to consumers. The first thing to note here is that gas has been underpriced for many years, and its government-dictated cheapness has resulted in both its overuse and misuse. The second thing to note is that the main purpose of deregulation is to encourage the search for and development of new gas fields through a product price structure that makes the exploration development worthwhile. Congress clearly should permit a reasonable rise in gas prices. But the increase should apply only to new gas finds, not to existing production.

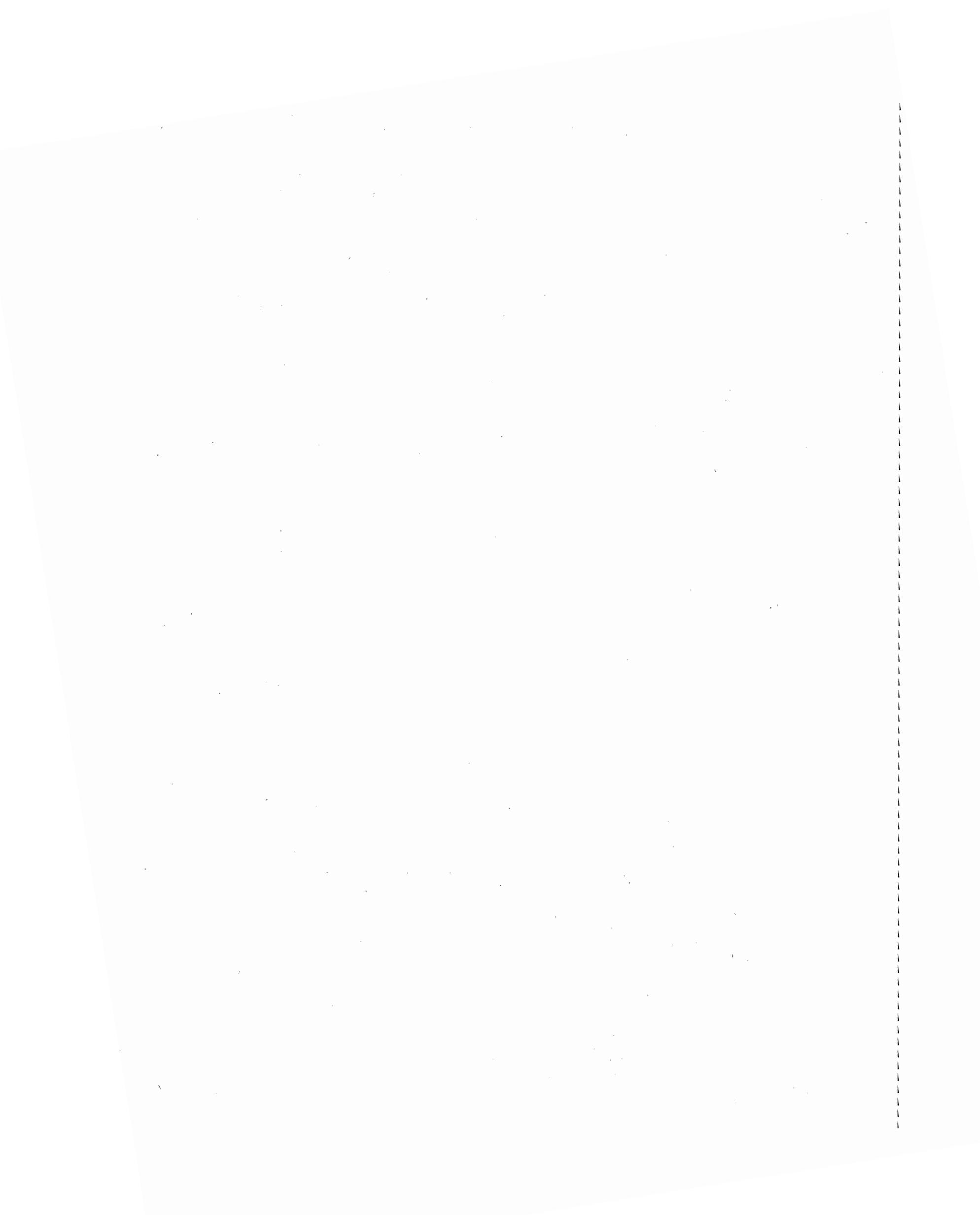
In presenting his energy proposals last weekend, the President quite correctly emphasized that, over the long term, the nation's energy prospects are excellent. This assessment ought to be kept plainly in mind by Congress, industry, consumers, everyone. The outlook is encouraging, though the investment in certain areas still is inadequate for development of new and clean fuels from coal, solar energy and nuclear power. Those prospects should properly serve as a brake on any efforts—such as we are now seeing—to thrust aside necessary environmental restrictions in a panicky rush to satisfy uncontrolled energy demand.

What it comes down to is that we have a temporary and serious energy problem. The President has suggested some ways to help alleviate it. What he did not talk about, unfortunately, was the need and the opportunities to reduce the nation's wasteful consumption of energy. This need can be satisfied without real hardship, but only if government will act on it.

Compliments of
CHARLES WARREN
Assemblyman, 56th District

THIS IS EXACTLY WHAT SB 283 (ALQUIST-WARREN)

AND AB 1575 (WARREN) PROVIDE!



The Sacramento Bee

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JAMES McCLATCHY, founder, editor, 1857-1888

C. K. McCLATCHY, editor, president, 1888-1938

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WALTER P. JONES, editor

C. K. McCLATCHY, executive editor

Editorials

Energy Conservation Is Only One Way To Solve Problem—But It Is Of Importance

California and the nation live on energy produced from nature. There is a growing problem of near-critical proportions that the sources of supply are dwindling and unless drastic steps are taken the life style of the future will be sharply different, probably unpleasant and uncomfortable.

The issue is complex for it ranges from the simple turning on of a light, to heating homes, cooking meals, running farm machinery and operating factories. The problem will have to be attacked from every consideration.

One of the avenues of attack is the conservation of energy to help ease the shortages of the present and in the near future to give time for careful planning and development of ways to handle long-term needs.

Before the State Legislature is a bill which would do much to put the state government effectively into the role of leadership for saving energy and finding new sources. It is AB 1575, introduced by Assemblyman Charles Warren of Los Angeles County and already approved by the Assembly.

The measure is awaiting action by the Senate Pub-

lic Utilities Commission. It should be given a do-pass recommendation, approved by the full Senate and signed by the governor so the state can get about the business of averting an electricity crisis quickly and firmly.

The legislation is the product of three years of study which determined there is no statewide management policy for building power plants to meet the demand forecasted for more electricity. The demand doubles every 10 years.

Warren's bill would establish the California Energy Resources Conservation and Development Act with a five-member State Energy Resources Conservation and Development Commission to set up such a policy.

Among the important charges to the commission would be to encourage conservation of energy by setting up standards of lighting, appliance efficiency and building design, insulation and construction which could reduce the present waste of electricity to the barest minimum.

The legislation is urgently needed in California.

Los Angeles Times

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6—Part II

WEDNESDAY MORNING, SEPTEMBER 19, 1973

Superagency for the Energy Gap

Just before it recessed last Saturday the Legislature gave final approval to a bill creating an energy superagency for California, with specific responsibilities for assessing the state's electrical power requirements and resources, and for promoting feasible energy conservation practices and research into new power sources. It is a sound and comprehensive measure that goes far to meet serious needs, and Gov. Reagan would serve the public interest by signing it into law.

The legislation creates an Energy Resources Conservation and Development Commission, a five-member, full-time body intended to be independent from special interest groups. The commission would undertake a continuing assessment of trends in the consumption of electrical and other energy, and analyze what social, economic and environmental impacts these trends might have.

Among the commission's most important powers would be the exclusive authority to certify all sites for new power plants. A utility seeking to construct a new facility would first have to justify the need for such a plant. It would then have to meet the standards adopted by the commission for protecting public health and safety. The standards may be tougher than what already exists, but they could not be less stringent than the air and water quality requirements in federal law.

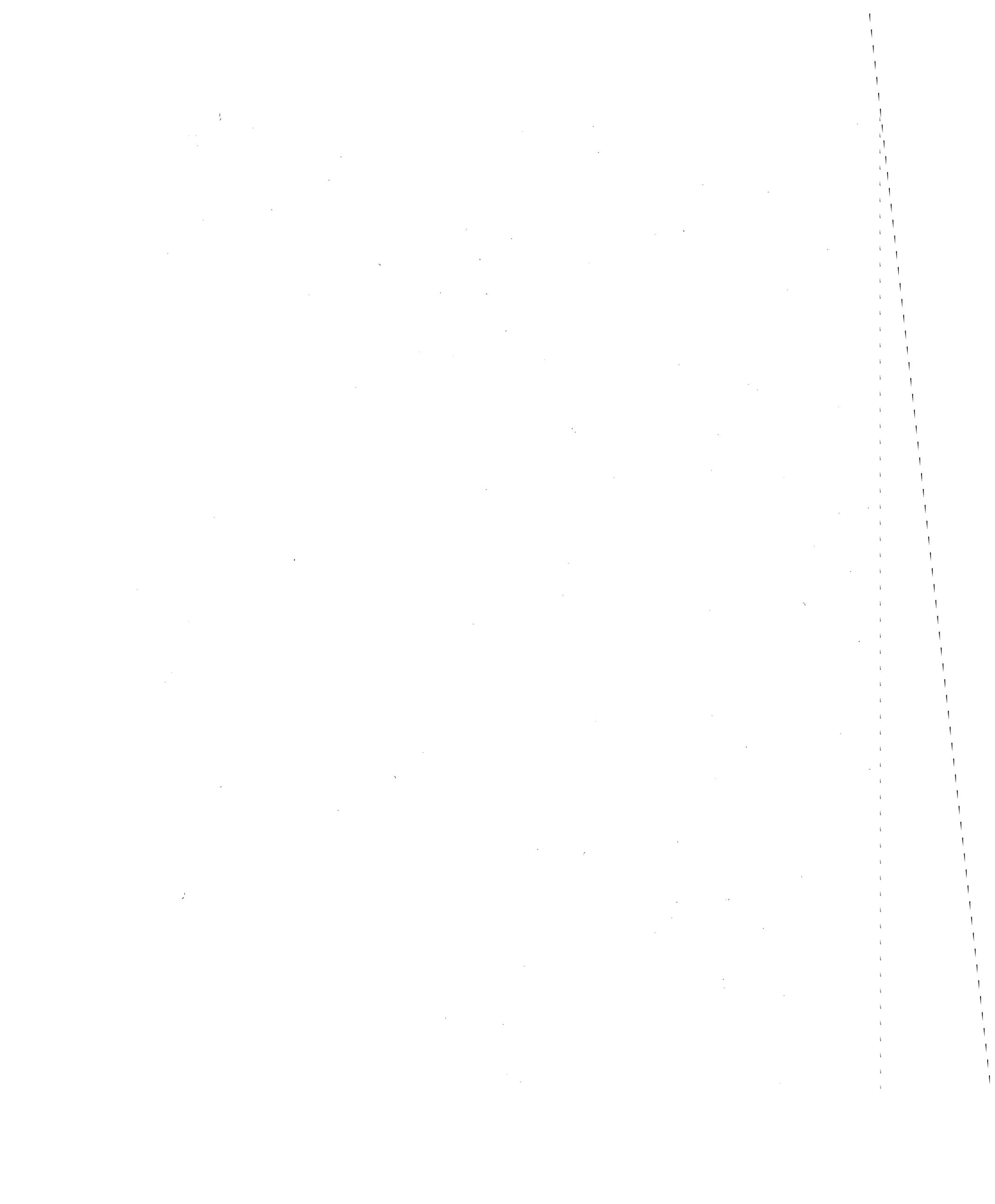
Conservation of energy resources would also get special attention from the commission. One of the reasons we face an energy shortage today is that we are profligately wasteful with the resources we have, consuming energy in all forms as if supplies were unending, neglecting to adopt simple technical measures to reduce inefficiency and avoidable

loss. The commission would have the power to reduce waste and promote energy efficiency in building design, the operation of electrical appliances, and other areas where there are technically possible and economically attractive opportunities for conservation.

Research and development of new energy sources fall under the commission's authority as well. Geothermal and solar resources would get particular attention. There is some federal government support for efforts to exploit these potentially great power supplies, but that support is limited. A state effort, able to tap the abundant technical skills of specialists in many of the state's universities, promises to be of considerable value as a partial answer to the energy gap.

The aims of the energy conservation and development bill are justified by the reality we confront. California needs a comprehensive and rational energy policy. It needs fresh thinking, backed by legal authority, for imposing some sensible controls on soaring demand for electricity. Earlier this year a Rand Corp. study estimated that demand is increasing by between 8 and 8½% a year but could be reduced to an annual increase of about 3% without serious hardship to consumers. The alternative to a brake on consumption, Rand reported, would be the construction of up to 130 new power plants by the end of this century. This is a costly, environmentally hazardous and unnecessarily wasteful prospect.

The Legislature has recognized that, and provided a means for doing something about it for the first time. California needs this legislation, and we urge Gov. Reagan to give it his approval.



Compliments of
CHARLES WARREN
Assemblyman, 56th District

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Editorials

Governor Should Sign Energy Bill

Because the so-called energy crisis is in reality a vastly complicated matter involving shifting economics and political maneuverings internationally and nationally, there is need for greater governmental efforts to sort the wheat from the chaff.

California is one of the greatest consumers of energy to fuel its high-g geared economy and therefore it is incumbent upon this state to provide more leadership in the field of providing proper future supplies without ruining the environment or the citizens' way of life.

The State Legislature wisely has passed a bill which would be a logical start toward those goals. It is SB 283 by Sen. Alfred E. Alquist of Santa Clara County. The measure includes the provisions of a similar bill, AB 1575, introduced by Assemblyman Charles Warren of Los Angeles County after a lengthy study of the energy problem.

The legislation would set up the Warren-Alquist

Act which would have as its basic purpose the wise handling of present sources of energy — oil, natural gas and nuclear power — while new means of power generation can be developed.

The fear of many observers is the state could run short of the traditional forms of power-production before other environmentally clean and economically sound means are brought to the market.

The Warren-Alquist legislation would establish a new State Energy Resources Conservation and Development Commission of five members. The commission would be charged with the duty of forecasting future power needs, setting up a plan for sites for new power installations and emphasizing all possible methods of conserving present uses of power to help avoid shortages.

It would put California in the leadership of looking after the vital power needs of its citizens. Gov. Ronald Reagan should sign the Alquist bill.

Reagan Under Fire for Veto of Energy Conservation Bill

BY LARRY PRYOR

Times Environment Writer

Supporters of energy conservation legislation criticized Gov. Reagan Wednesday for his veto of a comprehensive energy bill, and at least one environmental group is looking into the possibility of making the issue a ballot initiative.

The bill, known as the Warren-Alquist bill, had diverse support, from environmentalists and labor to the publicly-owned utilities. The privately-owned utilities formed the chief opposition.

"This was an outright show of power," said David Hirsch, president of the Planning and Conservation League. "The people of the state really lost out."

Hirsch predicted that groups concerned with energy would make another attempt in January to pass a bill to cope with the state's growing energy problems and seek the governor's support.

"If it doesn't look good to him, we'll make an initiative out of it," he said. A bill that passes both houses of the Legislature, as the Warren-Alquist bill did, can qualify for the

ballot without its backers having to obtain signatures.

Spokesmen for the state's major utilities, meanwhile, said they would work with the Legislature to arrive at "responsible solutions to the state's energy problems."

It was difficult to see what common ground lay between the two forces, however.

And the energy issue took on a partisan look Wednesday as Democrats angrily accused Reagan of subjecting the public "to blackouts for years to come."

Sen. Alfred E. Alquist (D-San Jose), a coauthor of the bill, characterized Reagan as "fiddling while the state's energy burns."

Assembly Speaker Bob Moretti (D-Van Nuys) said that Reagan had vetoed "the most important and far-reaching pieces of legislation of the last 10 years." Moretti is a candidate for governor.

The bill would have created a commission with broad powers to prepare emergency plans, forecast supply and demand, engage in re-

Please Turn to Page 25, Col. 1

ENERGY MEASURE

Continued from Third Page
search and development of solar and geothermal energy sources and facilitate the search for power plant sites.

Moretti accused Reagan of siding with the privately-owned utilities, such as Southern California Edison and Pacific Gas and Electric, and against a broad segment of the community.

Environmentalists also accused Reagan of "bald partisanship" in his veto of a Moretti bill that would have created a single air pollution control district for the entire South Coast Air Basin. The bill had received administration support throughout the legislative process.

This is the first time in six years the governor has vetoed a bill he supported," PCL's Hirsch said. "It had nothing to do with the bill. It was an outright political move."

Moretti's bill had the support of a number of cities, including Los Angeles, the Orange County Board of Supervisors, the Air Resources Board and environmental groups. It passed the Assembly 53 to 10 and the Senate by 24 to 13.

Major opposition came from the Los Angeles Board of Supervisors, who saw their powers over air pollution control threatened, and large industries, which did not care for applying for annual permits or being taxed on the basis of emissions.

"I'm very sorry the governor vetoed the bill," said Mrs. Gladys Meade, a member of the Air Resources Board. "This warfare between the counties does not help. I would rather deal with one agency."

A bill similar to Moretti's is expected to be submitted to the Legislature when it reconvenes in January.

The form of a future energy bill, however, seemed impossible to predict.

By January, the state may be on the verge of electrical blackouts because of an anticipated shortage of fuel oil and the pressures for extreme action will be greater.

The utilities are seeking a streamlined power plant siting process, preferably handled by one agency. The environmentalists want an agency that will carry on research and development of energy sources and devise methods of holding down demand for energy.

The Warren-Alquist bill, which barely passed the Assembly and Senate, incorporated all these but Reagan said it contained "many unacceptable details."

His Administration, working through an advisory Energy Planning Council, is expected to propose legislation of its own.

Atty. Gen. Evelle Youn-

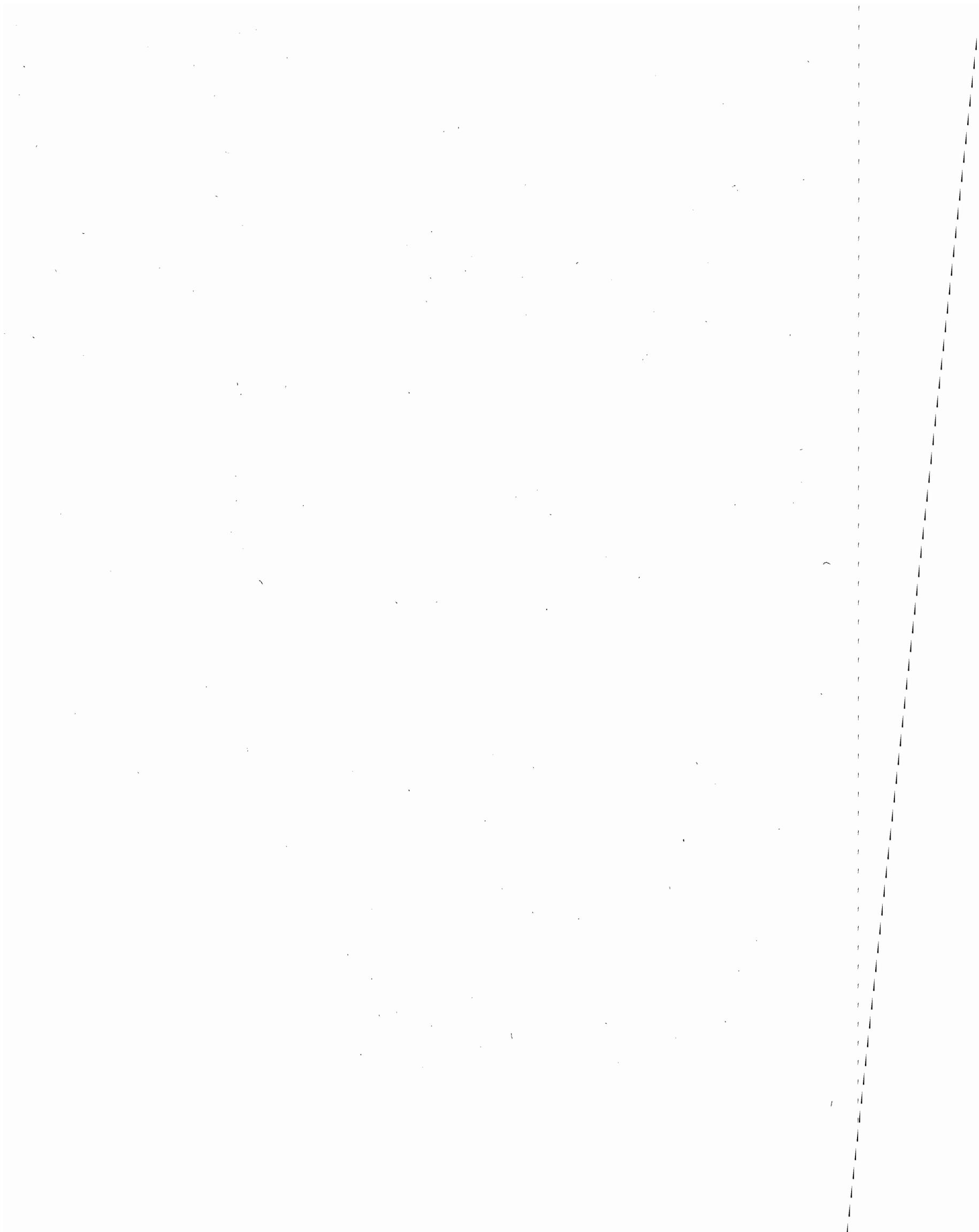
ger's staff is also working on energy legislation.

But it appeared Wednesday that the major utility companies and environmental groups most concerned with energy, such as the Sierra Club and PCL, had reached a stalemate.

"It's clear now that the investor-owned utilities will never support a unified energy system," a system in which one agency

has responsibility for all aspects of energy, said a legislative aide who played a key role in drafting the Warren-Alquist bill.

"Now the utilities are going to persuade us through jingles to use less," said John Zierold, legislative advocate for the Sierra Club. "But that's not going to be the solution."



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Editorials

Gov. Reagan's Veto Of Energy Bill Is Threat To Economic Welfare Of State

Gov. Ronald Reagan's incredible veto of the one bill which could have steered the state away from a real energy crisis is a threat to the economic welfare of the citizens of California.

The legislators when they return to Sacramento in January should override this veto. Failing that, they should fashion a new bill, put an urgency clause in it and send it to the governor again.

Certainly, by then, Reagan would have the opportunity to review his veto and recognize the need to take action at the state level to bring order to the complex matter of providing Californians with proper amounts of electricity without rampaging ruin of the environment.

Reagan vetoed SB 283, authored by Sen. Alfred E. Alquist of Santa Clara County, which would have established a five-member energy resources commission with broad powers to provide a unified state policy on locating power plants, conserving all kinds of fuel and developing new directions for energy consumption.

Contrary to Reagan's contention the measure did not receive proper hearing, the proposal was one of

the most widely discussed and deeply researched bills before the 1973 session of the legislature.

It was the result of intensive three-year interim work by an Assembly committee under the leadership of Assemblyman Charles Warren of Los Angeles County. The proposal was considered the top environmental issue before the lawmakers this year.

But it was more than environmental, it also was economic.

The economy of this state runs on energy. Electricity use doubles every 10 years. This kind of expansion is putting strains not only on the environment but upon utility managers trying to keep up with demand.

There is need to conserve energy, avoid overpopulating the state with new power plants and develop new sources of energy. These are the needs the Alquist measure was aimed at. They remain to plague Californians now that Reagan has taken his negative stand.

The legislators should remember the governor's veto leaves them holding a bag filled with energy problems.

EDITORIAL #E46-73

"ENERGY'S FUTURE"

This room is the control center for city of Los Angeles power.

There are few things most of us know as little about or take for granted as much as electricity. We flick a switch and it's there, that's all.

But what happens if we flick that switch and it's not there? We may find that out before long if steps aren't taken now to deal with growing power needs in the face of dwindling sources of supply.

This year the state legislature proposed a wide-ranging Energy Resources Conservation and Development Commission. Its duty would have been to eliminate waste of energy and set up procedures for selecting new power sites.

It was designed to work closely with the Coastal Zone Conservation Commission and would have cost each California household about a dime a month. If it helped insure energy for the years ahead, we felt that was a hard-to-beat bargain.

But despite approval by both Senate and Assembly, Governor Reagan vetoed the bill.

We feel that was a mistake. Energy for the future is the concern of us all. Overriding a governor's veto isn't easy; but in this instance, Channel 7 feels the legislature should do just that when it goes back into session in January.

Let us know how you feel about it.

Thank you.

EDITORIAL

KABC-TV regularly presents editorials on topics of public interest which are delivered by Vice President and General Manager, Don B. Curran. Your comments on these editorials are appreciated and the station welcomes requests for broadcast time from responsible representatives of contrasting views.

Gene Webster
Editorial Director

The above Editorial was telecast on November 15, 1973.

No Reins on Energy Use

State Lacks Official Controls, Warren Says

Once in a long while, reality appears stranger than fiction.

Ask Assemblyman Charles Warren, chairman of the three-member subcommittee on state energy policy.

Earlier this year—light years before the October Arab oil embargo, it seems—he couldn't believe some of his committee's own findings from two-month-long hearings.

For they were, indeed, mind-boggling in their implications, especially when the energy crunch was a half year away. Also, bizarre and absurd as well as eye-opening and shocking.

The six-session hearings had drawn and required all related parties—private utilities, conservation groups, government agencies and interested citizens—to dissect and, if at all possible, dispute findings of the three-part Rand Corporation study on California energy problems.

IN NOVEMBER, 1971, the Rand project was commissioned by Assemblyman Paul Priolo's committee on planning and land use to gain an understanding of the complex energy questions. The study was finished the following September.

The committee—other members are assemblymen Eugene Chappie, Leo McCarthy and Priolo—sat through the infinitely tedious hearings in which nuclear vendors, concerned scientists and the

Atomic Energy Commission participated.

Out of this unprecedented forum has emerged this incredible picture:

The nation's most populous state has no energy policy.

Except to allow the sale of power to meet the projected demands on a day-to-day basis. No planning. No comprehensive data. No coordination. No analysis.

As for shining examples of the electricity-happy syndrome, the panel learned the power companies have spent millions of consumer dollars promoting high electricity use. Also, the utilities have subsidized builders and contractors who agreed to install electricity-using appliances for cooking, cooling, heating, washing and refrigeration, especially recreation homes in resort areas.

AND THESE firms have charged consumers less for using more electricity.

Other findings by the Warren panel:

✓ No matter what is done, the state's major utilities, within a few months, would begin experiencing power outages which will become increasingly severe.

✓ Utilities must go through the red-tape of 33 local, state and federal agencies for power plant siting.

✓ Virtually any of these agencies could block the siting effort one way or another.

✓ Nuclear energy—its safety factor still a big question—is the major energy source upon which utilities are relying for power in the future.

✓ There are no accurate or uniform means of forecasting demand or evaluating means of supplying electrical or other energy forms to meet future demand.

✓ The rise in demand for electricity is little related to population growth. For instance, areas of stable population such as Los Angeles experience unacceptable multiplying demand growth.

✓ There is no statewide standard for building insulation other than the minimal standard required for FHA financed homes.

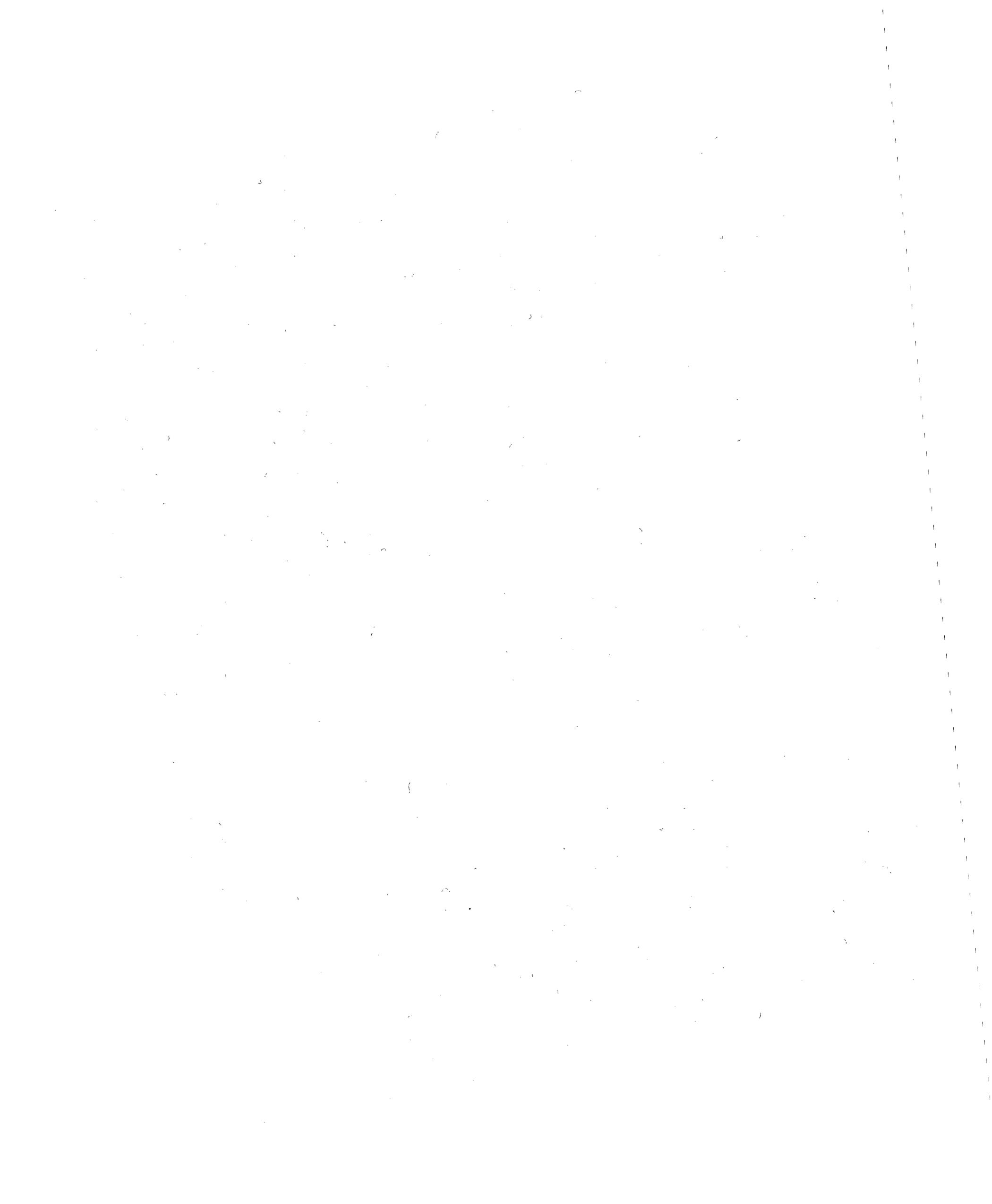
✓ Such a standard could cut in half the amount of energy required for space heating and cooling.

✓ Some home appliances sold in the state are as half efficient as others.

✓ Fluorescent lighting uses only 40 per cent as much electricity as incandescent for the same lighting level.

✓ The consumer doesn't pay the true cost of energy because of such items as depletion allowances, inverted rate structures and other subsidies.

✓ Through the use of mandatory and voluntary conservation measures, it is possible to cut the current rate of power demand by 50 per cent or more.



Energy Planning Bill Offered

A.B. 1575 is a pencil-slim (40-page) bill by Assemblyman Charles Warren, chairman of the three-member subcommittee on state energy policy.

Yet it may be the weightiest document in the state's history in the energy field, a product of years of technical and legislative efforts to bring order to the energy jungle.

The proposal seeks to create a comprehensive energy planning body to deal with California's present and future use of all energy forms.

Known as the State Energy Resources Conservation Development Act, the bill establishes the State Energy Resources Conservation and Development Commission.

THE COMMISSION would consist of five members named by the governor, subject to

confirmation by the Legislature. Members must be versed in the fields of physical science, administrative law, biological ecosystems, economics and natural resource management.

The heart of the bill is a recognition that the state must have a broad energy planning and research body instead of a simple accommodation of energy demand. Conservation, rather than curtailment of scarce energy resources is central to the bill.

The commission would develop statewide planning and forecasting ability to measure demand and supply, and to measure their consequences and remedial action.

Forecasts will be made each two years, covering time frames of 5, 10 and 20 years.

SECONDLY, THE panel will assess resources of all forms of energy to balance their use to meet state needs and to avoid possible undesirable consequences of reliance on a single energy source.

Further, it must develop conservation plans to cut wasteful and unnecessary use of electrical power. The underlying goal is to reduce annual electrical growth, cutting substantially needed power plants now projected.

And the agency is a one-stop siting procedure for power plants. Presently, a lead time of 12 to 14 years is required to site nuclear plants with approval of at least 33 government agencies.

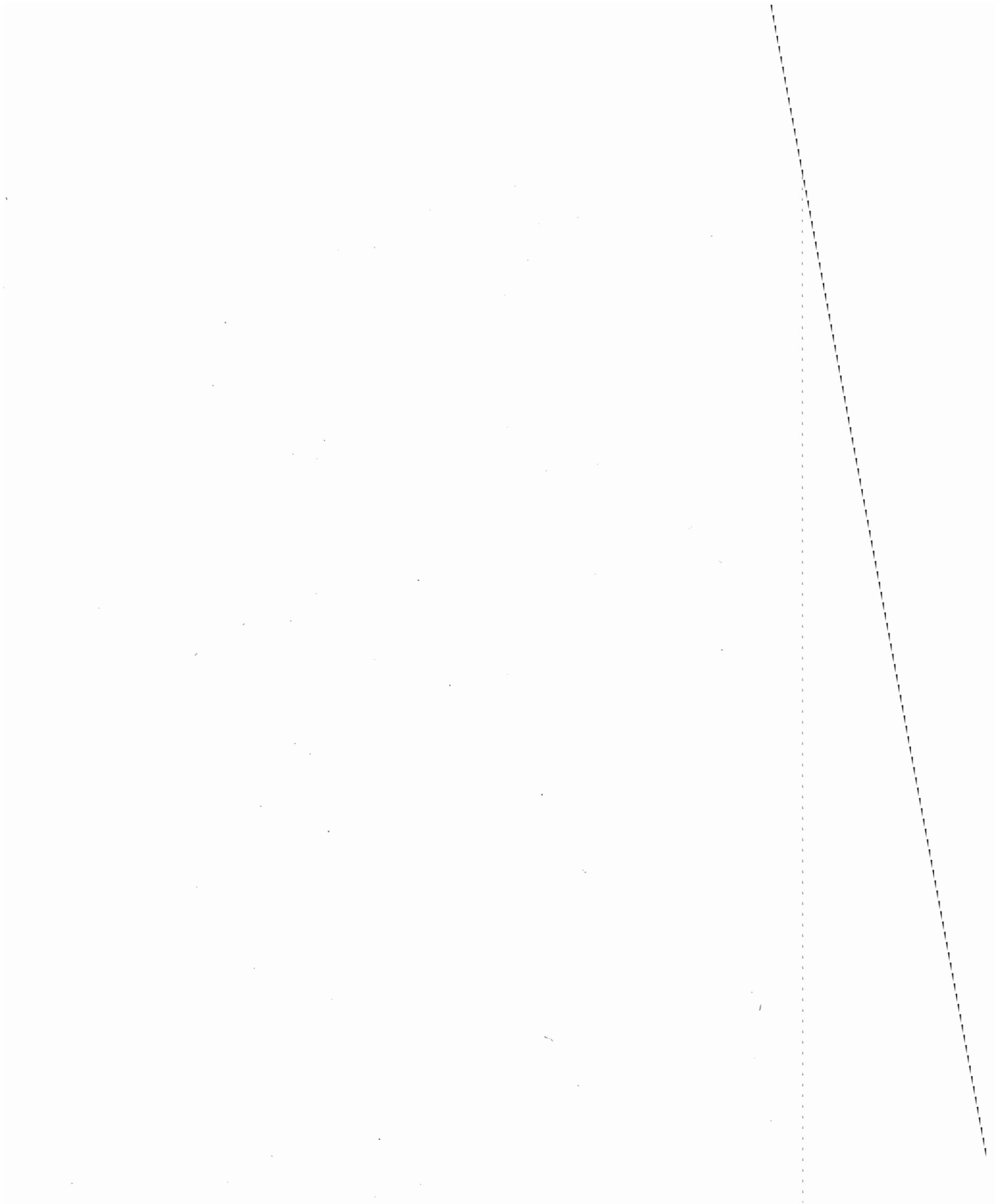
The commission is mandated to sponsor research and development of energy options. Of

key interest to California is development of geothermal and solar resources. An ultimate goal is developing a fusion hydrogen-based energy economy.

FINALLY, THE bill grants the commission emergency powers to allocate fuel and energy in shortages and catastrophes.

Funding commission activities would come from a two-tenths mill per kilowatt surcharge added to electrical power cost to consumers. \$32 million a year is projected initially.

Comprehensive advance planning, not just a plan but a planning process, is what the bill means. Conditions in the energy field are quick-changing, the author said, and static solutions soon become useless.



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Assemblyman, 80th District

Los Angeles Times

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6—Part II

MONDAY MORNING, DECEMBER 3, 1973

Energy: the Legislature Should Act

The Reagan Administration has dillyed and dallied about the energy crisis. The governor is in Australia. In his absence, Lt. Gov. Ed Reinecke has been less than forceful. The Legislature passed a bill in September to establish an energy and development conservation commission, but the governor vetoed it.

Now the crisis is upon the state. The Legislature has a chance to act again, and act soon, and the governor and his Administration have the opportunity to treat the crisis with the seriousness it deserves.

The Legislature is coming back into special session this week to work on emergency welfare legislation. It can and should continue to sit until it devises, and the governor signs, a plan to centralize in one board or commission the authority for state action on the energy crisis.

We liked the commission proposal, SB 283, that was vetoed by the governor. It would have pulled into one independent five-man commission the functions related to energy now performed by separate agencies, some of which are too vulnerable to special-interest pressure for sound energy planning. It would have given this commission the au-

thority to decide where power plants should be built. The commission would have been charged with devising plans to conserve energy and the responsibility for developing new energy sources. If the Legislature can pass this over the governor's veto, the state would be on a much sounder footing for dealing with a most serious problem.

There is merit, too, to Assembly Speaker Bob Moretti's proposal for an energy commission with even stronger powers, including the powers to allocate fuel and to make car pooling mandatory. California has special energy needs not fully shared by the rest of the nation. It may be that some special state authority will be useful in addition to whatever Washington provides.

The point here, though, is not so much the specific steps to be taken, but the establishment of some kind of commission to focus the attention of the state and its government on the energy crisis, a commission with the independence and the power to do what has to be done.

And while the Legislature's at it, it should take whatever action may be necessary to make California law conform to the forthcoming federal laws on lower speed limits and daylight saving time.

There's been too much talk and too little action. The energy crisis is no longer theoretical.

1-7-74
LA TIMES

Trouble Ahead in the Legislature

FILE
MS
1575

The energy crisis and conservation will be on a collision course as the Legislature reconvenes today, and the situation is complicated by the fact that the state is confronted with a less-than-bright fiscal picture.

Because this is an election year, much campaign oratory may be expected. But the senators and assemblymen must guard against getting bogged down in rhetoric and falling short of workable solutions to many problems. One bright note is that committees of both houses have done far more interim work than in past years, and many should be in position to expedite action in various areas.

As a short-term approach to the energy problem, we favor a proposal, supported by both Assembly Speaker Bob Moretti and Senate President pro-tem James Mills, to designate a member of Gov. Reagan's cabinet as director of energy resources with power to institute curtailments where necessary.

The long-range solution would appear to lie in revival of legislation dealing with such problems as power plant siting, planning for future demand, developing energy sources and encouraging energy

conservation. Reagan vetoed such a bill last year before the energy crisis became acute.

While some conservation drives may be slowed, a start should be made toward a sound statewide land-use plan. The subject has been studied extensively in recent years and, unless the Legislature acts, the alternative may be an initiative measure.

Because the economic downturn has cut heavily into state revenues, there will be calls for tax reform. There is a need to get a progressive tax structure and to restore equity and fairness to the system. Yet the wiser course at this particular time, it seems to us, would be to avoid sweeping election-year changes that might only continue the dismal cycle of tax increases, followed by tax rebates or relief, followed by more tax increases.

Among the many other problems is the drafting of a no-fault insurance law of demonstrable benefit to the motoring public. Other states have been able to achieve that goal. California should be able to strike a compromise between pending bills favored by the insurance industry and those supported by trial lawyers.



AB 1571

Gasoline use off again in April

The State Board of Equalization, which collects the gasoline tax, has just issued the data on gasoline sold in California during April, the first full month of sales without Arab embargo. In April, the public was still conserving gasoline, using 824,964,199 gallons compared to April last year when they used 860,380,508. This represents a drop of 4.1%. During March, when the shortage was acute, the usage was off 12.6%. Since the average growth in demand from year-to-year has been about 4.7%, it can be seen that motorists were still conserving gasoline in May, using 8.8% less than they would have if normal growth had continued.

FEO: propane regulations changed

Recent changes in the FEO regulations now require that propane suppliers, when making adjustments for unusual growth, report and compare propane purchased from them for calendar 1972 and 1973, even though the base period for propane is different. FEO also now requires that unusual growth for industrial and petrochemical feedstock users be approved by the National office. This means that California industrial users of propane with increased demand due to natural gas interruptions being greater, have a longer path to follow in securing the necessary authority and should now be working on increased allocations for the coming winter. Purchasers are also allowed the option of using June 1972 as a base for June 1974 purchases, if desired. Other minor changes affect utilities use of propane.

FEO: information center established

Primarily for the purpose of providing to the public all energy-related information and data collected by the FEO (within confidentiality requirements of the law). They may be reached at any of the following four numbers: (202)961-8486, -8685, -8686, -8687.

Outrageous government profits?

We are indebted to the Oil and Gas Journal for pointing out that there seems to be a deep silence, in the same circles which have waxed fierce about the increased oil company profits, about the great increase in government revenues from the same sources. For

example, the Federal Treasury has reaped bonus bids totaling \$6.7 billion in the last twelve months from sales of drilling privileges in the Gulf of Mexico. This is only slightly less than the sum of all previous sales, covering an 18-year period. This is just a small part of the flood of new dollars into government hands. Royalty payments to the federal government also skyrocketed. Payments in 1974 could nearly double the \$262 million received in 1973. These direct payments to the Federal Treasury are only the tip of the iceberg. Very substantial increases in income tax payments by corporations and individuals are also coming in. State and local government have also reaped princely benefits. California was recently unhappy because the FEO would not allow them to sell old crude at new crude prices (price control is for the other fellow), but they still received the benefit of the jump in price which old crude has taken. We also note that California's sales tax on gasoline, which ran about 2¢ per gallon when imposed, is now up to about 3¢ and thus this tax alone is now larger than any oil company profit on the same gallon. With more than \$24 million coming in every month, this provides substantial revenues for possible rapid transit uses.

Analysis of AB 1575 industry impact

AB 1575, the Warren-Alquist State Energy Resources Conservation and Development Act, now signed into law as Chapter 276 of the 1974 Codes, going into effect January 7, 1975, is a very complex 61-page piece of legislation. It creates the Energy Resources Conservation and Development Commission (ERCDC) with very broad powers and fat budget.

Its major direct impact is upon the utilities and, hopefully, it will allow siting of necessary new power plants. An important section exempts most of the major developments expected to be started in the next few years, which may turn out badly, since, being exempted from the bill's requirements, they are also exempt from the authority of the ERCDC to over-ride local objections to powerplant siting. Since this has been the major reason for the great delays in siting in the last few years, we suspect that they may be some hotly-contested future fights for the purpose of putting some of them back under the ERCDC authority. One thing is certain; if anyone manages to get



bored watching the California energy scene, then he just does not understand the stakes.

The bill does have several direct impacts upon industry: (1) a kilowatt-hour tax; (2) an energy requirement in the environmental impact statement; (3) construction energy conservation standards; (4) appliance efficiency standards; and (5) emergency contingency plans. There are also important indirect effects, the most important of which is the power to propose changed utility rates and practices to the Public Utilities Commission (PUC).

The tax consists of one-tenth of a mill per kilowatt-hour, generating something over \$16 million of income in 1975. However, it can go up after the first year. The Legislature establishes the budget for the ERCDC and this, in turn, establishes the tax rate (in even hundredths of a mill) up to a maximum of two-tenths of a mill. Once such a tax is established, it is easy for it to be raised. Since the ERCDC is directed to engage in research projects, where fertile imagination can easily develop desirable projects costing billions, we can be sure that the pressure for an increase will develop.

AB 1575 requires that, in the section of an environmental impact report which discusses mitigating measures proposed to minimize the environmental impact, there be a discussion of "measures to reduce the wasteful, inefficient, and unnecessary consumption of energy." Since this is a pretty open-ended statement, we can be sure that it will add to the cost and time-delay involved in the environmental impact report process.

The construction energy conservation standards are broad-based. Within 18 months, the ERCDC will "prescribe by regulation, lighting, insulation, climate control systems, and other building design and construction standards which increase the efficient use of energy." These standards are to be "economically achievable in that the resultant savings in energy procurements shall be greater than the cost of the energy conserving requirements amortized over the life of the building." One year after these standards are adopted, building permits must require compliance. In addition, the ERCDC is to "recommend per unit energy requirements based on square footage for various classes of buildings..." Applicants for building permits must certify that these recommendations have been given consideration and state the extent to which they

are complied with. We can be certain that environmental impact statement review will look closely at these certifications.

One of the most controversial sections of the bill is the requirement that the ERCDC within 18 months, "prescribe standards for minimum levels of operating efficiency, based upon a reasonable use pattern, for all appliances..." considered to have significant energy impact. One year after adoption, no appliance may be sold in California which is not certified by the manufacturer to meet the standards. The standards are to "be drawn so that they do not result in any added total costs to the consumer over the designed life..."

The required emergency contingency plans are very broad. Utilities and fuel wholesalers and manufacturers are required within six months to present to the ERCDC "a proposed emergency load curtailment plan or emergency supply distribution plan setting forth proposals for identifying priority loads or users in the event of a sudden and serious shortage of fuels or interruption in the generation of electricity." The ERCDC is required to collect other such plans from the other agencies involved, such as the PUC and the Federal Energy Office (FEO). Within one year, the ERCDC is to approve and recommend to the Legislature their proposed plan in this matter. Provision is required "to eliminate wasteful, uneconomic, and unnecessary uses of energy in times of shortages and to differentiate curtailment of energy consumption by users on the basis of ability" to accomplish the ordered curtailment.

The ERCDC's requirements for study and recommendation have several possible indirect impacts upon industry. The most important is that they are, in several portions of the bill, expected to recommend changes in utility rate structure and practices to reduce wasteful use of energy. The author of the bill has indicated that he assumes that this will mean that the ERCDC will recommend that large users pay more and that promotional rates and practices be curtailed. The PUC still is left with the basic rate-making authority over investor-owned utilities, but they are required to consider the ERCDC's recommendations in these matters and make public and formal reply if they do not implement them.

The ERCDC is also ordered to study potential supply problems and to conduct research

Industrial Relations
Labor Relations



Department of Labor Regulations, 41 CFR 50-250.

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Basically, federal contractors are required to list job openings with state employment offices. In California, they are known as Employment Service Offices. They were formerly operated by the Human Resources Development Department. As of January of this year, the name has been changed to Employment Development Department.

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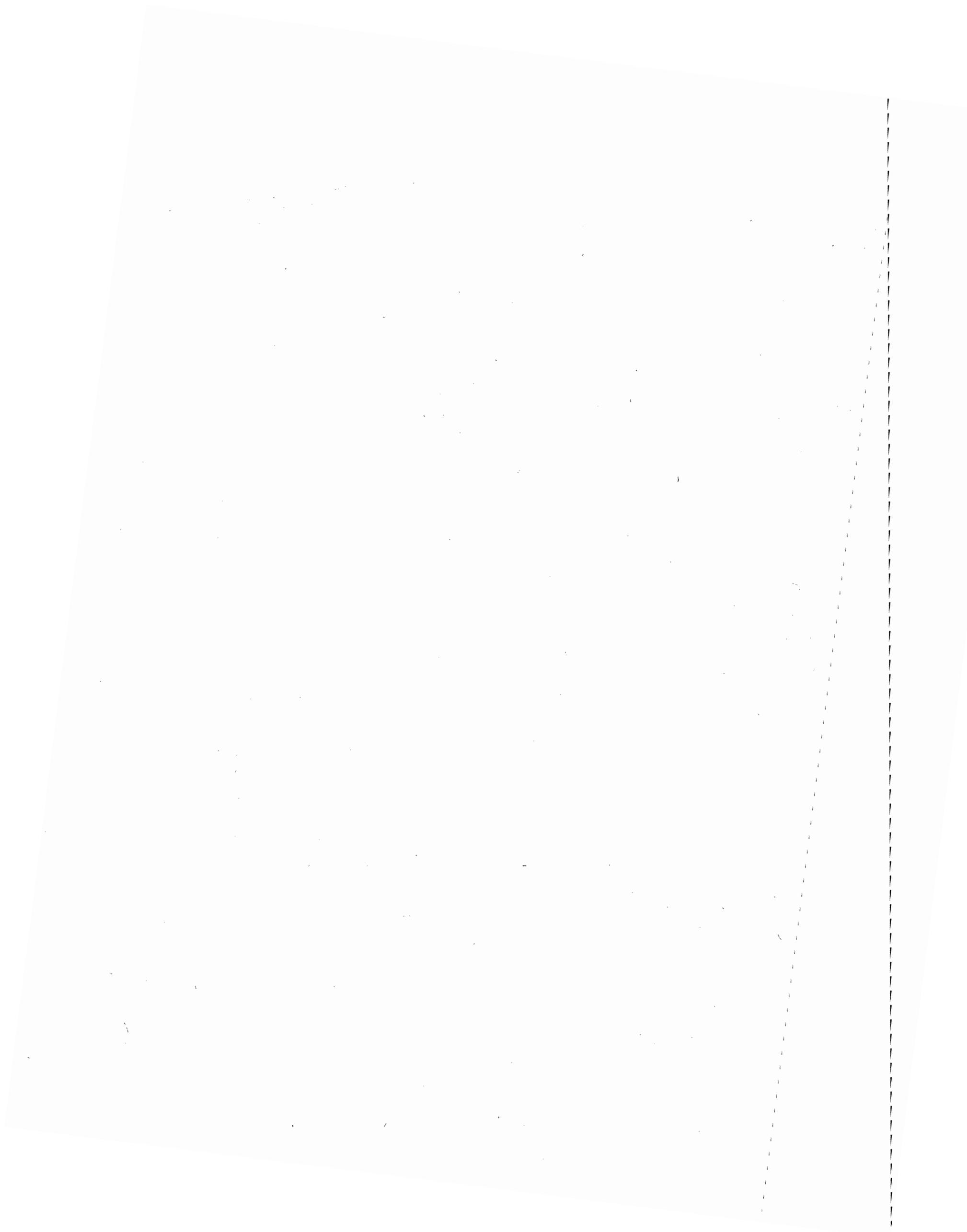
Also required of federal contractors are



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on energy-related subjects of a broad range, this being the major purpose for its large budget. It is expected that the bulk of its funds will be spent for research projects, hopefully not duplicative of the many other other energy research projects going on.

In the foregoing, we have briefly covered the direct industry impacts of this major bill. We welcome questions and, of course, any member desiring a copy need only write our Sacramento office.



FILE
1575

LA TIMES
8-20-74

Energy Law Deserves a Chance

Three months ago Gov. Reagan signed into law legislation creating a State Energy Resources Conservation and Development Commission. The new agency isn't due to get into operation until Jan. 7, but even before it does, Assemblyman Joe A. Gonsalves (D-Cerritos) is trying to undo it.

The new law, authored by Assemblyman Charles Warren (D-Los Angeles), was a compromise that nevertheless retained all the basic features suggested by the Rand Corp. in a study made last year. Under its terms, the commission would control the use and development of all existing and potential energy sources, would have exclusive jurisdiction over power-plant siting, and would develop contingency plans to meet emergency energy situations. A surcharge of one-tenth mil per kilowatt-hour would be imposed to finance its operations and to fund research projects. An initial \$500,000 was lent from the general fund to cover startup

costs, with a proviso that the amount would be repaid from the surcharge.

Gonsalves is now pushing a measure that would forgive repayment of the loan but would wipe out the surcharge entirely, thus leaving funding up to the whim of future Legislatures. Such a course would reduce the effectiveness of the commission, if not put it out of business, and it could hamper development of alternative power sources such as solar energy.

The Gonsalves bill, AB 2799, started out as a noncontroversial measure that passed the Assembly unanimously. It was amended into its present form in the Senate, and is due to be heard Wednesday by its Revenue and Taxation Committee.

AB 2799 should be rejected by the Senate. To approve it would break faith with a compromise that was two years in the making, and would bring discredit to the Legislature. The Warren bill deserves a chance.

A Warning Of Energy Shortage

Washington

The Federal Power Commission warned yesterday that barely adequate fuel supplies for power plants can easily develop shortages that could force electric brownouts this summer.

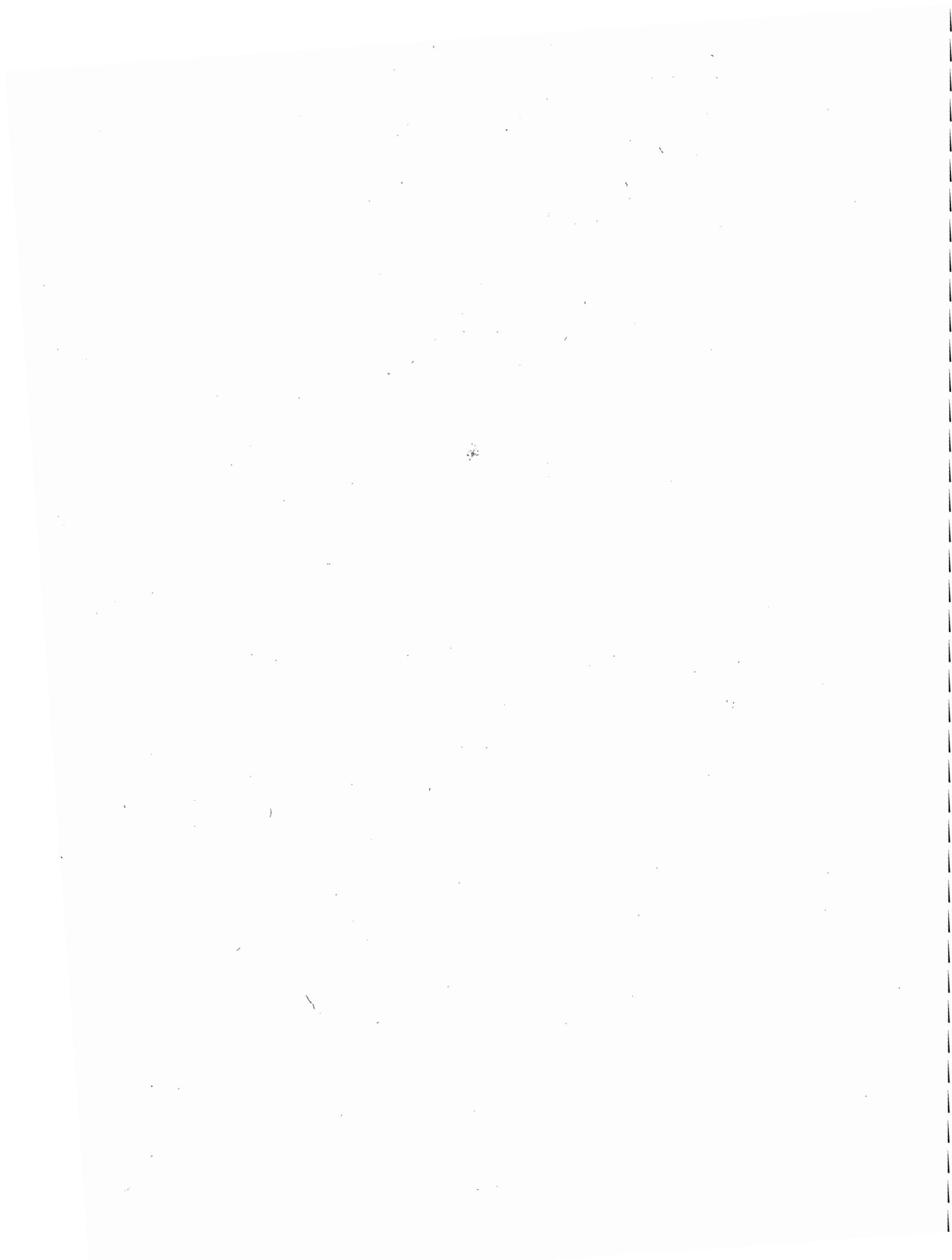
A study by the FPC staff said the nation's electric-generating capacity has improved greatly in recent years and now provides a 19.4 per cent safety margin to deal with surges of demand of unexpected generating problems.

But the fuel supply to run the generators is another matter.

"With declining availability of natural gas for electric generation, difficulties in increasing coal production and a tight fuel supply situation," the staff report said, "even a slight disruption of fuel supply could produce power shortages."

The FPC report noted that since the end of the Arab oil embargo last March people seem to be paying less attention to energy conservation.

Associated Press



Big Energy Bill Signed By Reagan

Sacramento

Governor Ronald Reagan signed landmark legislation yesterday to speed construction of nuclear power plants, curb wasteful energy use by household appliances and assure consumers of well-insulated homes.

Hailed as the most comprehensive energy measure in the nation, the compromise bill by Assemblyman Charles Warren (Dem. - L.A.) creates a \$16 million a year tax increase on electricity users for energy research.

That would amount to about 50 cents annually for each California household, Warren said.

The bill passed the Legislature last Thursday after months of negotiations to

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win the support of Reagan and utility companies. The governor vetoed a similar bill last year.

The Sierra Club and other conservation groups supported the Warren bill.

Reagan's endorsement of the measure triggered the resignation earlier this month of this state energy coordinator, Wesley G. Bruer, who condemned the "dangerous concentration of authority" in the commission.

Warren, however, argued it was virtually impossible for power plant builders to secure the permission of the 33 agencies that now have jurisdiction over location of nuclear power plants in California.

While streamlining the siting procedure, Warren also said his proposal, which goes into effect on January 1, will help reduce the waste of energy.

The new commission is required to prescribe lighting, insulation and climate control building standards that "increase the efficient use of energy."

The panel must issue similar efficiency standards for appliances such as refrigerators and heaters. Those appliances failing to comply with the standards would be banned from sale in California after July 1, 1977.

The commission will develop emergency contingency plans in case of energy shortages and recommend minimum efficiency standards for new power plants.

Warren, who expects the bill to be used as a model for other states, said it requires approval of power plants when there is no other "feasible or prudent way" to meet the consumption demands of the state.

The bill is based on a Rand Corp. report which said California would need 120 new nuclear power plants by the year 2000 unless the state adopted a new ethic of energy conservation.

The energy saving provisions of the new law, Warren said, mean California should only need 35 new nuclear power plants by 2000 and will trim the state's annual increase in energy consumption from the current 7.5 per cent to about three per cent.

United Press

Reagan Signs Bill to Create State Energy Control Board

BY JERRY GILLAM

Times Staff Writer

SACRAMENTO — Gov. Reagan Tuesday signed into law a landmark bill creating a powerful state commission to control the use and development of all existing and potential California energy resources.

The appointed five-man commission will have sweeping authority to take steps designed to reduce energy waste.

The bill's author, Assemblyman Charles Warren (D-Los Angeles), has called it the "most comprehensive energy conservation program in the United States," which could serve as a model for other states and Congress.

A compromise approach was worked out during five months of negotiations between the Administration, Warren, the public utilities and conservationist groups.

The governor vetoed a similar energy commission measure last year.

Reagan signed the new version at a ceremony in his Capitol office, flanked by Warren and Sen. Alfred Alquist (D-San Jose), who carried the bill in the upper house.

Before doing so, however, he said he was not "totally happy" with the end product, particularly a one-

tenth of a mill per kilowatt hour surcharge on all electricity sold in the state to raise \$16 million to finance commission research work.

"I personally feel the price tag on this bill is too high," Reagan said. "The utility surcharge is a tax increase pure and simple and is not necessary for our primary objectives with the bill."

"However, others differ at this point, and we have reached a compromise on this and other points of difference in the bill."

"All things considered, the Legislature has finally provided the power plant siting mechanism I have sought for several years."

The commission will certify all new power plant sites, which now require 33 separate state and local agency approvals, although projected plants under construction within three years are exempted from the new law.

It becomes operative Jan. 7, 1975.

The Energy Conservation and Development Commission will consist of five members, all qualified in various fields, to be appointed by the next governor and confirmed by

Please Turn to Page 2, Col. 1

the Senate.

The electricity surcharge monies will go mostly for on-going research in the solar and geothermal energy fields. The surcharge will mean about 50 cents per year added to the average household bill.

The commission will develop contingency plans to deal with possible future energy shortages, set minimum operating efficiency standards for appliances sold in California and prepare comprehensive energy reports with recommendations for the governor and the Legislature every two years.

The legislation is based on a Rand Corp. report that warned the state must start long-range planning now to cope with future energy crises.

It was sent to Reagan's desk by a 57-8 Assembly vote. The Senate previously voted 21-14 in favor of the bill.

Opponents claimed the commission will be given too much power. Proponents argued this authority is exactly what is needed to head off future energy shortages.

The energy commission proposal was one of the most far-reaching and controversial pieces of legislation before the 1973-74 session.

Reagan Approves Measure Creating State Energy Board

By John Berthelsen
Bee Staff Writer

Sitting before a bevy of state legislators, consultants and lobbyists, Gov. Ronald Reagan late yesterday signed into law the most far-reaching energy legislation in the United States, and perhaps the most important bill before the California Legislature this year.

Standing behind the governor in the Cabinet Room of his office were the author, Democratic Assemblyman Charles Warren of Los Angeles County, and Democratic Sen. Alfred Alquist of Santa Clara County, the man who fought for the bill through the Senate for Warren.

When it goes into effect Jan. 7, Assembly Bill 1575 will create a five-man Energy Conservation and Development Commission with broad powers over California's energy supply and demand.

Broad Powers

The commission will be empowered to issue emergency regulations during energy shortages, make long-range forecasts of what California's needs will be and conduct research and development into new forms of energy. It would be financed through a \$16 million-a-year surcharge on electrical users. That amounts to about 50 cents for the average home.

It was not a bill with which Reagan was completely happy. In a prepared statement, he noted that "I personally feel the price tag on this bill is too high." But, he said, "All things considered, the legislature has finally provided the powerplant siting mechanism I have sought for several years. The process on such major issues is not perfect, and we have in this bill a product of compromise which meets the objectives of both the legislature and my own administration."

The most controversial provision of AB 1575 is one providing for so-called "one-stop siting" of electrical powerplants throughout the state by reducing the number of agencies required to approve them from more than 30 to three at most.

Removing power plant siting authority from local agencies, however, would take away the right of such agencies to have control over whether they wanted a power plant in their

back yards. During the bill's passage through the legislature, Warren and Alquist argued that such local safeguards would be observed unless the need for power plants was extremely critical. Then local jurisdictions would simply have to be overridden.

Two Have Priority

The commission would act as a so-
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Reagan Signs Energy Measure Creating State Conservation, Development Board

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called "lead agency" for environmental impact reports and other information. Two agencies, however, cannot be by-passed if plants fall under their jurisdiction. Those are the federal Atomic Energy Commission if the plants are nuclear, and the Coastal Zone Protection Commission set up by the voters under Prop. 20 in 1972 if the plants are within 1,000 feet of the coastline.

Another controversial provision allows the commission to set minimum feasible energy consumption standards for major home appliances, which its author feels will save 60 million barrels of oil a year by 1980. It

was bitterly opposed by the nation's appliance manufacturers, who flew in witnesses from as far away as Washington, DC, to testify.

Observers feel all home appliances in the nation probably would eventually be built to the state's energy standards, since Californians now annually buy about 12½ per cent of the nation's production.

Took Two Years

Passage of AB 1575 was a two-year process. A similar bill carried last year by Alquist made it to the governor's desk but was vetoed. A year ago, Reagan's staff, the private utilities and legisla-

gan to work together on the compromise bill.

AB 1575 grew out of a three-volume Rand Corporation report commissioned in part by the California Assembly on the state's energy needs.

Astonishingly, Rand discovered that by the year 2,000 a total of 120 new powerplants would be needed to supply California's energy requirements unless some steps were taken to curb the spiraling demand.

Those conclusions were fought by the private utilities and by the Public Utilities Commission, which remains opposed to the concept today. But the energy crisis which came about last fall muted those arguments.