

PG&E, PUC debate Diablo rate hike

SAN FRANCISCO — Pacific Gas and Electric Co. asked Monday for a 3.5 percent electricity rate increase to help pay for the Diablo Canyon nuclear power plant, the Associated Press reported.

A PG&E lawyer called the average \$1.29 monthly charge a "small down payment" on future customer savings.

But a state consumer staffer recommended a 3.7 percent rate decrease, saying customers shouldn't have to pay most of the costs of building Diablo Canyon until a state commission decides whether PG&E was to blame for failing to detect the extent of a nearby earthquake fault until 1976.

"PG&E says pay now and we'll litigate later. We say pay now only what seems not to be in dispute," Richard Rosenberg of the state Public Utilities Commission's consumer staff told reporters.

Public hearings began Monday on the question of how much of the \$5.4 billion cost of Diablo Canyon can be passed along to PG&E's 3.6 million customers.

The Public Utilities Commission is scheduled to decide in about two years what portion of the expense was unreasonable and must be borne by PG&E's stockholders. PG&E is asking meanwhile for an interim rate increase to cover the bulk of construction costs, subject to possible refund. The PUC is scheduled to rule on that request this summer.

PG&E engineers this morning continued to test the first of the nuclear plant's two 1.1 million-kilowatt Diablo plant at 90 percent power and prepared to increase it to 100 percent, said company representative Ron Weinberg.

Weinberg said the reactor's power level was reduced to 50 percent Monday night to allow repair of leaks in the plant's seawater cooling system and removal of seaweed from the seawater intake.

Leaks in the seawater system, which allow salt water to seep into the water system that provides steam to drive the plant's turbine,

are fairly common at power plants, Weinberg said.

Diablo Canyon was originally scheduled for completion in the mid-1970s at a cost of \$340 million. It has been delayed by design errors, temporary suspension of federal licensing, and discovery of the earthquake fault, which required redesign of the plant.

The utility says it will need \$689 million a year to pay the \$3 billion cost of the first reactor. The company says the plant will save \$394 million from a reduction in non-nuclear fuel use, leaving a \$295 million rate increase request for 1985, or about 6 percent.

PG&E lawyers asked for an initial \$183 million rate increase this summer. That would translate into a 3.5 percent increase in electric rates.

PG&E lawyer Peter Hanschen said the increase follows the same formula the PUC used for the newest unit of the San Onofre nuclear plant.

"PG&E is simply asking for fairness ... a small down payment from our ratepayers on the benefits that they'll derive from Diablo Canyon," Hanschen told Administrative Law Judge Albert Porter.

The company's chief financial officer, Stanley Skinner, said denial of an initial rate increase would hurt customers by damaging PG&E's credit rating, and could also lead to a jolt in rates at the end of the case — a 26 percent increase, if the commission found all costs reasonable.

Rosenberg said Diablo Canyon did not deserve the same treatment as San Onofre, which did not have the same design errors or cost overruns and had no costs challenged as unreasonable.

He said the first Diablo reactor would have cost \$583 million had PG&E opened it in 1976 as planned and made safety changes ordered by the federal government after the radiation leak at the Three Mile Island nuclear plant.

He recommended an initial rate reduction of \$194 million, or 3.7 percent.