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## Interview: A Legislator, an Industry Spokesman, and a Conservationist Discuss the Energy Problem

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*The following interview with Assemblyman Charles Warren, Chairman of the Assembly Subcommittee on State Energy Planning, David J. Fogarty, Vice President of Southern California Edison Company, and William H. Press, Executive Director of the Planning and Conservation League, was conducted in Assemblyman Warren's office on May 30, 1973. The purpose of the interview was to examine and expand upon the viewpoint expressed by each of these three men in the preceding articles.*

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**Journal:** The three of you seem to agree that there is a serious energy problem now. What is the essence of this problem for California as you see it?

**Assemblyman Charles Warren:** I think the essence of the problem is the failure to rationally manage the use of our resources. I think if we had been developing and implementing a policy of rational use of the resources for the past several decades, we wouldn't be discussing the situation now in crisis terminology. What the current situation really demonstrates is that we're going to have to undertake that program on a statewide basis in a fairly extensive manner.

**William H. Press:** That's right. It's basically a question of the stewardship of our resources. We do have limited resources. I think that in the field of energy, as in the field of land use, that we have been proceeding with development without stopping to question whether those resources are limited, whether or not we should move in one direction rather than in another. And now, suddenly, we're caught short.

**Journal:** Are you saying it's just a part of a broader resource conservation problem?

**Press:** I think the same lack of direction and lack of policy applies to many other areas of the use of natural resources. I think another aspect of the immediate energy problem is really a lack of information. It seems to me that we have a lot of conflicting figures about what our possible supplies are, what the shortages are. Even from the industry we get different figures, and all the different study teams present different figures. It's confusing to all of us involved in the subject.

**Journal:** What's the industry viewpoint?

**David Fogarty:** Well, I think it's similar to what Assemblyman Warren said. Basically, we started out with a policy in the United States of providing abundant low-cost energy. The performance of the electric utility industry, for example, was measured by how much of a reduction there was in the price of electricity from year to year. That was the goal we were all following. It was

part of the enabling legislation for the Federal Power Commission in 1936. And it's been the guide and the goal for a number of years. I think coupled with that problem is the awareness of the land use problem. The ecological movement, or the conservation movement, that's become so popular in the last few years has put a very sudden brake on this. In addition to running out of the resource, we also have that factor. The two are often confused.

**Journal:** Do you see this as primarily a state problem, or a federal problem, or both?

**Fogarty:** Well, we view it primarily as a national problem, as a minimum, and maybe even a worldwide problem. The competition for the oil supplies in the world today is going to be waged between Japan, Europe, and the United States, because we are the big consumers, but we are short of our own supplies.

**Journal:** Does this mean that the state has to wait for the federal government to take effective action?

**Fogarty:** Well, I think there are some things the state can do, but whatever the state does has to be in concert with what the federal government has done.

**Warren:** I think what Mr. Fogarty says is correct. Inasmuch as the present energy problem is focused on fossil fuels and the availability of oil and natural gas, it is a worldwide concern. There are some areas of the problem, however, which can productively be handled by the state. Foremost among them, I believe, is that of electrical energy. It occupies a unique position in the whole energy spectrum; that is, that we have a monopoly situation existing under terms of the franchise. It's a state monopoly. We have distinct service areas with a sole provider in each service area. We can have some impact on how our electrical supplies will be used, and we can have impact on how we are to provide a supply of electricity — the only reservation being we cannot control the availability at a particular price of the low-sulphur oil and natural gas currently being used predominately for the generation of electricity.

**Journal:** There have been several studies in the past indicating that the United States was using up its reservoirs of oil, and we've known for some time that the natural gas supply was dwindling in this state. Why, then, has the energy crisis in terms of fuel oil and gas for electric power generation hit us so suddenly?

**Fogarty:** Well, there were a couple of things that happened almost simultaneously. First of all, the electric utilities — my company, for example, was producing about 85 percent of its fossil kilowatt hours with natural gas. We had substantial quantities of natural gas available that we got as surplus from the



*'You have been wasteful and self-indulgent . . . I am going to raise prices . . .'* — Sacramento Bee

gas companies. Then, very suddenly, the gas supplies dropped off to where we predict in 1975 they will be 10 percent of our needs. This meant a drastic increase, maybe a five- or six-fold increase, in the amount of oil we had to burn. At the same time, with this larger quantity of the oil, the price of the oil started to go up, and in two year's time the price of oil has doubled. The oil we burn has to be low-sulphur oil, less than one-half percent sulphur, and this is only available to us from Indonesia and a little bit from Alaska. So now we're in competition in the world market with many of the other countries of the world.

But it was triggered initially by a drop in the availability of natural gas from Texas for utility purposes.

**Journal:** Wasn't this drop foreseen in any manner?

**Fogarty:** No, as a matter of fact, when my company and the City of Los Angeles petitioned the Federal Power Commission for permission to build a gas line into California — the Gulf Pacific gas line — we were faced with evidence produced by the gas companies indicating that they would have adequate supplies of gas for our purposes for a number of years in the future.

**Press:** How recent was that, Dave?

**Fogarty:** This activity began about 10 years ago, and the most recent hearings on it were, I believe, in 1966 or 1967. The gas companies also submit estimates to the public utilities commissioner on an annual basis, and all of these estimates of the gas companies were rather optimistic. So we were caught short by that move and then the requirements to go overseas for oil.

**Journal:** It has been said that the issue of the 70's will be power versus the environment. What's that mean, Bill?

**Press:** I may even have said that myself once in front of Mr. Warren's committee. I think this statement is true in that the problem of energy demands outrunning energy supplies is the greatest threat that the nation's environment has faced. It's the greatest single threat, I think, because it's such a compound threat — the tremendous drain on our resources required to provide the energy we need in any field. In the field of electricity, you have the question of hydroelectric dams and their impact on rivers; the siting of power plants, whether they're on the coast or on the desert, or wherever they are; the possibility of emissions from fossil fuel plants; the question of safety hazards and radiation for nuclear plants; and then com-

pound that with the tremendous impact on the environment from the oil industry. The recovery of oil, plus the transportation cost, and the gasification facilities, added to today's increasing demands from that industry for further expansion, I think, equal power versus the environment as the issue of the seventies.

**Journal:** You've also suggested rather directly that in some part the crisis is a manufactured one that will benefit the oil companies and private electric utilities companies in terms of their prices and some relaxation in the environmental control standards.

**Press:** Those comments are directed primarily toward the present gasoline shortage, where I think legitimate questions have been raised about the timing. As Dave pointed out, as recently as last year in hearings regarding the import quotas in Washington, the oil and gas industry were very positive about the fact that they did have necessary supplies. Suddenly 12 months later, we find ourselves in a situation in which, for example, the City of Los Angeles put out bids for gas to run its municipal vehicles, and there's one company that responds with a 65 percent hike in price. There really are serious questions, I think, about how this could arise so suddenly without being foreseen.

**Journal:** What relief will there be for California motorists if a real gasoline shortage develops this summer?

**Warren:** Well, of course, there will be no relief. They'll just have to take their chances at the pump with competing motorists, unless some other rationing means is devised. Frankly, looking toward the not-too-distant future, I suspect that what we're going to have to do in order to avoid giving up the automobile completely is to reduce it's size substantially, and I think we'll see a rather hefty increase of the price of gas.

**Journal:** If gasoline prices should rise dramatically, as many people predict, to 50¢ a gallon or above, will there be any legislative reaction?

**Warren:** You might say there will be a lot of shock and dismay expressed. There will probably be some investigation. Depending on the severity of the increase and the availability of the resource will depend on the ultimate question of whether or not to either manage the industry for the oil-producing segments or nationalization. Even that extreme proposal, I suspect, would be considered a moderate one.

**Journal:** Most of the reports that have come out, including the Rand and SRI studies, speak of the necessity of allowing the cost to the consumer of fuels and other sources of energy to rise to what they think is a reasonable market level, and yet consumer groups have fought for low-cost energy for years. Do you see any likelihood that in this state and nationally we can allow energy prices to rise without a major fight by consumers?

**Fogarty:** Well, if I might just mention our own experience with fuel-oil prices, this is already happening. What is going on is the internalization of these environmental costs. I mentioned earlier that we were burning great quantities of Indonesian oil in our system, and it's naturally at a higher price. These additional costs are passed onto our consumers, and the price of electricity is going up. One of the problems we don't have in the South Coast Air Basin is an SO<sub>2</sub> problem, and the reason we don't is because my company and the other electric utilities in the basin are spending a hundred

million dollars a year premium for low-sulphur fuel oil. So there's an environmental cost that's being passed on to the consumers.

**Journal:** In the absence of adequate oil and gas supplies, it seems we must rely increasingly on nuclear-powered generating plants. How far away are we from being able to build a safe nuclear power plant?

**Fogarty:** We have one running today at San Onofre.

**Warren:** Well, I guess no one can quarrel with Mr. Fogarty on that, if he means that so far it has not injured or killed anyone.

**Fogarty:** I think the San Onofre unit has met all of the tests that were current at the time it was designed and constructed. It further has met the revised interim criteria on emergency core cooling and safety conditions. We believe it is a completely safe nuclear power plant.

**Warren:** One can't quarrel with that. You can't look at one site. What you have to do is examine nuclear generation as a general proposition. There are three major concerns. First, in so far as reactors of a boiling-water or light-water type are concerned, there is a possible problem with the emergency core cooling systems. The AEC is considering that problem, based on considerable testimony it has received in hearings held for that purpose. The second problem concerns the disposal of radioactive waste. This problem stems from the fact these radioactive wastes have to be placed in containers which are then placed in ponds and then must be monitored for a period of 250 thousand years. Which means that you will have to assume the social stability that will permit no disruption to that radio active waste.

Third is the problem of the external hostile force, the saboteur, the criminal element, guerrilla assaults, and the psychopathic individual or group which may see fit to crash an airplane into a nuclear reactor, or into the waste disposal area, and thereby release a discharge of radioactive waste into the atmosphere. All these problems are being considered. None of them in my opinion has been conclusively answered.

**Journal:** Edward Teller said the other day that we could build safe nuclear plants two hundred feet underground and that this would add only two percent to the cost of construction.

**Warren:** I think the two percent estimate of cost addition was very conservative.

**Press:** It takes a certain amount of presumption perhaps to differ with Dr. Teller, but I participated in the energy panel here in Sacramento last month at which he said that our technology can solve the nuclear safety problems and therefore we should go ahead with construction of nuclear plants while seeking the answers to the basic safety problems. I think there's an inherent contradiction there. Your later research might show that your plant designs were wrong from the beginning.

**Fogarty:** I think the area that is being given the most review right now in the emergency core cooling systems is this post-accident case with a "blow down" effect from the reactor. That was an area that wasn't tested adequately, and it's been a subject of a great deal of criticism at the AEC hearings. We expect to have the tests completed by 1975, which will answer the questions raised by various people concerned about emergency core cooling.



**Warren:** There's a new nuclear device being developed -- I think it's one which Southern California Edison proposes for its desert site -- and that's the high temperature gas-cooled reactor. As far as I know, the emergency core cooling problem does not exist for that reactor, at least to the extent that it exists for boiling-water and light-water reactors.

**Fogarty:** That's essentially correct. The post-accident time period for light-water reactors is relatively short -- a matter of a few seconds. Whereas for the high temperature gas reactor, the same condition might exist but you have several hours to correct the situation, rather than less than a minute.

**Press:** Isn't it also true that the helium, which is the coolant, never totally escapes? It may leak out, but you're never going to be without some coolant.

**Fogarty:** That's right. That's another inherent advantage of it. These things were looked at when we decided to go to the gas-cooled reactor. Another factor that was perhaps as persuasive was that on the desert, where we were considering the location, we knew we would be short of cooling water for the condenser, so we went to this system because it does use less cooling water than the light-water reactor system.

**Press:** I visited their facility in San Diego last week. They're developing a nuclear HTGR [high temperature gas-cooled reactor] which might not even use cooling water -- it would be air cooled.

**Journal:** Mr. Fogarty, you say you now have one nuclear plant that's considered safe, and you told Mr. Warren's committee several weeks ago that over the next 20 years you'll need a dozen more nuclear plants. Is planning going ahead on these?

**Fogarty:** Yes, at the present time, in addition to unit number one at San Onofre, we have just completed hearings with the Atomic Energy Commission on units two and three, which would be a pair of 1140 megawatt units. We have high temperature gas-cooled reactors also on order or under option with Gulf General Atomic. Two are 770 megawatt units, and two 1160 megawatt gas-cooled reactor units. This would carry us through the mid-1980's.

**Journal:** And these will meet, essentially, the energy demands in your area?

**Fogarty:** Well, these and other facilities, yes. In the short range, between now and the time San Onofre Two and Three come into operation, we're going to be almost completely dependent upon a combined-cycle type plant. This is a combination of gas turbines and steam tur-



bines. And we have plans to locate four of these plants, one at Long Beach; one at Coolwater, near Barstow; one at Huntington Beach; and the fourth in the Lucern Valley.

**Journal:** Don't the major obstacles to nuclear plants have to do with the geology and the AEC's questions about accidents, rather than other state concerns?

**Fogarty:** Yes, the big items on San Onofre Two and Three, or the most time-consuming items, have been our dealings with the Atomic Energy Commission. It's been on matters of seismicity. And at the state level, the big item has been water, the regional water quality control boards. This gets us into several sets of hearings on the same subjects, and it has cost us something in time, but as you say, the main difficulty is with nuclear plants. I think that, because of the federal preemption on radiation matters, the federal licensing procedure will always be the pacing item for nuclear plants.

However, on the fossil plants, to give you an idea where a one-stop siting agency might help us, we're now going through a licensing process on Long Beach. We've been to the Air Pollution Control District and received a permit from them on air pollution. We've been to the regional Water Quality Board and also the State Water Quality Control Board, both of which held independent hearings on the same subject. We're now before the Coastal Commission, and we've been to four different meetings with the commission. The items that are drawing the most attention are the air pollution and the water quality requirements that have already been discussed and that have been approved by organizations that have veto power. If the Coastal Commission were to do something different than what these other agencies have agreed to, that would put us in a bind. Any one agency can say no, but no one agency can say go.

**Journal:** Bill, do you feel that agencies such as the Coastal Commission should give up their authority in this regard in order to simplify the siting problem?

**Press:** No, I don't think it's a matter of giving anything up. I think it's a matter of coordinating and integrating the functions of these various agencies into one. We're convinced of the wisdom of a single agency responsible for siting as long as it is part of a coordinated approach to the whole energy-conservation ethic. As I would see that state commission, however, its approval of a power plant would depend greatly on the prior approval of the Air Resources Board, the Regional Water Quality Control Board, and, if it's located within the coastal zone, the Coastal Commission. I think those bodies would have to be part of that process.

**Journal:** Assemblyman Warren, you've introduced legislation to create a State Energy Resources Conservation and Development Commission. Can you describe what you think are its essential features and why you have some hope that it will have a major impact on the present problem?

**Warren:** What we've attempted to do is to cope with most of the things we've discussed here this afternoon. First, there is an expression of the need for state involvement in the planning and use of electrical energy. The commission is to act as the planning and information-gathering unit of the state, it will involve itself in ascertaining what the state of our energy demand and supplies are at any given time and report on a periodic basis as to its findings. It will also serve as a

conservation element, and by that I mean that it is proposed that it will have powers to impose certain requirements on the use of electrical energy. Among them will be to mandate a certain level of insulation for new construction, so as to save considerable amounts of electricity required for heating and cooling space. We go into the whole energy design in the construction of buildings, and we give the commission the power to present additional recommendations to the Legislature in the event that it finds that the powers it has to reduce the demand curve are not accomplishing that purpose.

And it will serve as a one-stop siting agency in California replacing all other state agencies — save, for the period of its existence, the coastal commission, whose powers are constitutional and cannot be touched. It will also be responsible for developing an emergency plan in the likely event that a power shortage occurs in the near future, and from the information that I have, that power shortage will come no matter what we do now. And finally, they're given the responsibility of administering a research and development fund which will be used to encourage and develop, I hope, California-oriented energy resources to improve the efficiency of existing generating techniques and, more importantly, to develop what appears to be a unique California resource, geothermal energy, and, hopefully, solar energy — not only solar energy for the production of electricity but also solar energy for heating and cooling.

**Journal:** Given the nature of the present energy problem, why are you pessimistic about your bill's chances this year?

**Warren:** Well, the utilities would like to have nothing but a siting bill, I think. I think they'd like to go ahead with the policy of the state, which, in effect, is no policy. They'd like to conduct their business with as little interference as possible, which is understandable, and as a new agency it might be a little bit terrifying. The nuclear vendors — General Electric, Westinghouse, and the others — will not like it because as a result of the conservation policy the need for the number of nuclear units as presently anticipated may be decreased substantially and thereby result in a loss of future markets for them. Some local and regional agencies will oppose it because they believe that they will have to give up some of their power and authority in critical matters. Some of the conservationists will be opposed to it because they don't like one-stop siting, they prefer the present multi-stop basis, because it gives them more opportunities to stop the construction of new generating plants. I frankly don't know who's going to be for the bill except, that I hope that understanding, logic, and reason will prevail.

**Fogarty:** I think that Assemblyman Warren may have overstated the utilities' objections. I think that we are not interested really in "business as usual", we haven't been for several years. We haven't been able to get permission to start a new power plant since 1968.

**Warren:** Well, if you've recognized this problem for years, why is it that only two months ago you ended your policy of subsidizing contractors who constructed all-electrical houses and apartments? And up until a few months ago, your TV advertising and other forms of advertising were designed to encourage the use of electricity.

**Fogarty:** Our last promotional ad was placed in

March of 1972. Our subsidy to builders, which really was a conservation of energy subsidy, because it did pay for the insulation to make sure that the homes did not use enormous quantities of electrical energy, ended only recently because there were long-term contracts with the builders. I think we have been in a different role than has been recognized.

One problem that I think we haven't addressed ourselves to here, and to me it's really germane to the whole issue, and to Mr. Warren's bill, is that what we're really talking about is the issue of growth in California. We're considering various measures, a Coastal Commission, a new commission on power plant siting or electric energy, but what we're really talking about is how much growth are we going to have in the state of California. Are we going to have the same amount of growth that we've had in the past? Well, clearly, we're not. The migration into the state has stopped, the aerospace business has fallen off, we're not going to ever return to the 1960's. What we've got to decide, I think, is: are we going to supply enough energy to create enough jobs to maintain work for our population that's reaching the job-level age? Are we going to provide enough energy for additional jobs beyond that so we'll have a certain in-migration? Or are we going to go below that so there's a slight exodus of people from California?

I think that the growth policy, and it ties in with the land-use planning that Bill was talking about earlier, all of these things, is really what we're striving for. But we're doing it with a Band-Aid approach. Proposition 20 is like that. It gets at land use, but it really has an element of growth policy in it. The power plant problem is really how much electricity are we going to provide for the future and how much growth are we going to have?

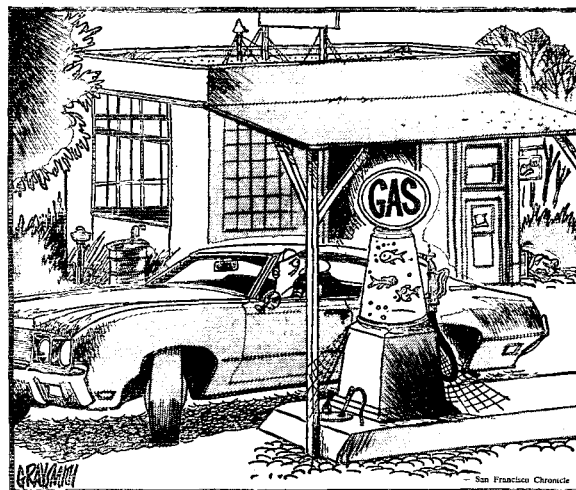
**Warren:** Let me comment on that. My legislative proposal does not deal with that question at all. Its objective is to eliminate or minimize the inefficient and wasteful use of electricity. I suppose if we could develop solar energy into electricity there would be no harm in greatly expanding our electrical uses; in fact, I suspect that that's what we would want to do. I would hope that electricity would substitute more and more for the fossil fuels. I think that's what we have to do, frankly. If there's not going to be gasoline for our automobiles, then we have to have a mass-transit system, and that system will have to be electrical.

So I think electricity is a resource that you really can't waste, as such. But we will use it more in ways which will not pollute or result in the waste of limited resources, and we might be able to do that geothermally and by solar energy and perhaps by nuclear fusion. Nobody should set a policy as to what the growth should be in the terms of the use of electricity.

**Fogarty:** Well, I was thinking more in terms of growth for the State of California — total growth in gross state product and the population.

**Press:** It seems to me that's one of the responsibilities of this commission, too. To determine at least what we'd expect to be the projected growth rate in California through the year 2000, how we can slow down the present and the projected demands for energy, and then set an energy policy accordingly.

**Fogarty:** I think they'd also have to tie it to land use, and transportation, and many, many other things because growth in the State of California is not just tied



to the consumption of electric energy.

**Press:** The point I want to make is that because this particular proposal does not solve all problems at once can not be used as a cop-out for not supporting what I think is a very reasonable and fair approach to the problem. If the utilities are serious about providing for the public's energy needs in a way that's going to work to the maximum benefit of everyone in the state, then this is a measure that makes a lot of sense and that they should support. Nothing that you were saying, Dave, is contradicted by this approach.

**Fogarty:** The point I was trying to make, and apparently not very successfully, was that our whole economy has been based on the theory of the ever-expanding pie. There was always more for almost everybody, but I think what we're moving into now, and what I hear Mr. Warren talking about, is moving closer to a zero sum game. That is, you limit the amount of electric energy you're going to have. All right, that means if anybody is going to get more, he's going to have to take it away from someone else. We've never had that situation before. We've always had enough for everybody.

**Warren:** I don't want my silence to indicate that I acquiesce in your understanding of anything I've said here before. I'm not proposing zero growth, nor do I propose such a policy in my bill.

**Fogarty:** The rationing aspect of the apportionment of electric energy, I think will be a . . .

**Warren:** No, that's only in an emergency when you have brownouts and blackouts — deciding who should get the power first, who has top priority: hospitals, certainly, and law enforcement agencies. I think you would have to do that on some basis anyway, and I think under the bill the commission will work out those plans with you, because the utilities have the technical knowledge as to what can be done.

**Fogarty:** The Public Utilities Commission is already doing that, but I would hope that your bill would look, first of all, to doing something to satisfy the demand and to try to avoid a situation where we're rationing electric energy.

**Warren:** Well it does. But from what the utilities have told me, I don't think we can do it in time. If what Southern California Edison, for example, has told me is correct, their critical period is going to begin in 1975 or 1976.

**Fogarty:** Yes, we indicated if we couldn't get started, couldn't get the authorizations for Huntington Beach, Long Beach, and Coolwater — and San Onofre, but

that's in the 80's — we could see our reserve margins dropping in 1975 and getting below the 15 percent level, certainly, in 1976.

**Warren:** So, all I'm saying is that even if the commission were in being now, with the powers set forth in the bill, I'm not sure that it'd be able to act in time to permit you to solve that 1975 problem. That's all.

**Fogarty:** We'd like to see something addressed to the solution of that problem.

**Warren:** Your problem apparently is the Coastal Commission. There's nothing you can do about that, because it's a constitutional problem.

**Press:** I'd like to make one comment from the Planning and Conservation League's point of view regarding the Warren bill, which we really feel is an excellent bill and the right approach to the problem. The one element which we find lacking is sufficient attention to pricing as an energy-conservation tool. Your bill, I believe, allows the commission to study the possible impact of pricing and make recommendations to the Public Utility Commission. We would like to see that authority removed, in the field of electrical energy, from the PUC and placed in the hands of this commission. The same commission that is defining policy, that is recommending energy-conservation measures, is going to be lacking a very important tool if they don't also have the power to set rates. I think there's increasing evidence to indicate that energy pricing like all other pricing is elastic, meaning that the amount consumed is directly related to the price you pay for that commodity.

**Journal:** There seems to be some expert difference of opinion on that question.

**Warren:** The Stanford Research Institute in its report took both positions, saying that it was inelastic and also that the market place would take care of the problem.

**Journal:** Bill, I believe you've argued also that the pricing of electricity as it is now is both discriminatory and encourages wasteful practices.

**Press:** Well, I think it does encourage greater use and I've indicated I think there are studies to prove that. I believe that if we had a surcharge on supplemental energy demands during peak hours, particularly for air conditioning, that you could cut down the demand for power at that particular time.

**Fogarty:** The rate paid by various classes of customers does differ. It's typical of any industrial process. Over the years, the utilities generally have reported to their regulatory commissions the cost of service. We have a different cost for providing service to an industrial customer than we do a residential customer. The industrial customer does not require as many facilities of us on a per-unit basis as does a residential customer. The industrial customer takes delivery at a higher voltage, so we don't have as many substations and distribution lines to serve him as we do the residential customer. So the cost of serving a residential customer is higher than an industrial customer. But the Public Utilities Commission in California, as in most states, does have the power and does exercise the power to get into the area of social engineering. For example, in California, the rate set by the commission for the first block of power is underpriced. That is, the center-city low user is actually subsidized. Street lighting is an-

other area that's generally subsidized. So the social engineering is being done. The utility position, or at least my company's position, is that we should report to the commission the cost of the service, and let some other agency make these kinds of adjustments. If we are to be saved whole and earn the return that we required to attract the capital that we need to do business, we require a certain amount of revenue. If that comes more from one class or another, that's the commission's business to make the determination, not ours.

**Press:** That's another argument, I feel, for putting pricing in the hands of the state energy commission. It seems to me the fact that cost of service as the sole determinate in the setting of rate structures is in itself a promotional energy policy that the commission could look at and make the necessary changes.

**Journal:** Bill, given the dissatisfaction with most regulatory agencies on the part of environmentalists and economists and many others — for example, with the Federal Power Commission — why do you really expect so much more from another strong state regulatory agency?

**Press:** That's always the hooker. How long will it be before this regulatory body begins to be regulated by those it is supposed to regulate? I think one control is in the appointment process. In the Warren bill, the appointments are to be made by the Governor and confirmed by the Legislature. The proposal the Planning and Conservation League made was that the appointments be made by the Governor, the Speaker, and the Senate President pro Tem. I think you can build in some guarantees in the appointment process. And, secondly, I think it's a matter of building public participation into the system — which we feel very strongly about and which is present in the Warren bill — so that the public is constantly there every step of the way.

**Fogarty:** Bill, have you ever been to a rate hearing for a utility before the PUC? I can't really see any difference in what you mentioned. The public does come before the commission on rate matters and various viewpoints are discussed. Generally, the push is towards lower and lower rates. I'm not sure how you expect the public to come to this proceeding and argue for higher rates. That is a little far-fetched based on my experience.

**Press:** No, I'm really saying that in the planning process and in the policy-making process and in the siting process that there is built-in citizen participation in the work of the commission.

**Press:** I'm not sure we're going to resolve that here. I think the public has indicated its willingness to pay the price of environmental quality in California in several bond issues around the State.

**Journal:** One final question. Has the public been getting the message about the energy crisis?

**Fogarty:** For the past few years, I've been occupied quite a bit talking to members of the public in public forums about the energy crisis, and I can assure you that the public certainly is getting the message. A few years ago, it took me a great deal of time to explain that there really was a problem and what the nature of the problem was. That's no longer the case.

**Press:** I don't know how they could avoid getting the message. It has been a saturation approach. I fear it may be one-sided because of the advertising dollars of the oil companies, but there's no doubt that they are aware and that they are concerned. 🏠



## Consultants Want State Civil Service Overhauled

By BRUCE KEPPEL

State civil servants are underpaid, and those who do the best work are unlikely to be paid more or move up through the ranks faster than those who are content just to put in a day at the office. Both the pay situation and the rigidity of the present civil service structure are pointed out in an independent study for the State Personnel Board made public May 24th.

The study, by the management consultant firm of Cresap, McCormick and Paget, Inc., found that state employee salaries and benefits lag generally behind those paid for comparable work in private enterprise. The lag runs counter to state policy, as embodied in statute and repeated periodically by Governor Reagan, that its workers should be paid "prevailing rates" outside government. It arises despite periodic surveys by the State Personnel Board of wages paid in certain "benchmark positions" in private businesses in the Los Angeles-Orange County and San Francisco Bay areas. At fault, the study concludes, are a fragmentation of salary-setting authority in state government and a failure to compare an employee's "total compensation" — wages and fringe benefits — with its equivalent in the private sector. To correct these deficiencies, the study outlines a "plan of action" keyed to introduction of major legislation next spring.

In a nutshell, Cresap, McCormick and Paget would greatly increase the authority of the State Personnel Board, having determined it to be the best-equipped existing agency in the executive branch of state government to assume broad salary-setting responsibilities that now are scattered about the executive branch. The consultants also recommend a restructuring of state civil service to provide greater flexibility in the system and more incentive for state employees, particularly in the higher grades. They would also provide civil servants with a choice of two tracks to follow in their state careers:

- Advance steadily, if slowly, through the ranks as under the present system, which is heavily weighted toward seniority and features job security and regular, if modest, pay raises.
- Or take a chance in a new, more free-wheeling employment world, where more rapid promotions and greater salary increases, based upon job performance, are possible.

Finally, the state is urged to modify its present salary-survey techniques, which are judged to be overly restrictive, and to compare state and private pay in terms of "total equivalent compensation" rather than on the present piecemeal basis of the prevailing practice in providing various specific benefits.

In surveying how state workers are faring now in

"total equivalent compensation" in comparison with private workers, the consultants found, among other things (see tables), that:

- The state lags behind private industry by an average of 13 percent.
- The state lags behind the federal government by an average of 11 percent in seven of nine "benchmark positions" compared, and leads in two (attorney and electrician).
- The state lags behind city and county governments by an average of 12 percent in seven of 10 benchmark positions (clerks, janitor, electrician, registered nurse, engineer, analyst, and policeman), and leads in three (auditor, attorney, and park ranger).
- In a three-way comparison with private business, federal and local government, the state lags by an average of 12 percent (ranging from three percent for attorneys to about 20 percent for clerks).

The consultants also compared base salaries and specific benefits. In terms of salary, they found the state lagging behind private business by about 12 percent (which is approximately the amount the Governor has budgeted for pay raises in 1973-74). In surveying specific fringe benefits, they concluded: "The state leads private industry in vacations, holidays, and family-death leaves, lags in uniform allowances, shift differentials, and moving expenses, and is comparable in the other categories. In comparison with local governments, the state leads in holidays and family death leaves, lags in vacations, sick leaves, and shift differentials, and is comparable in the remainder. In comparisons of the state practices with those of the federal government, the state leads in holidays and family-death leaves, lags in vacations, sick leave, uniform allowances, shift differentials, and moving expenses, and is comparable in the other three categories."

### 'Badly out of balance'

The resulting package of fringe benefits, the consultants told the State Personnel Board, is "badly out of balance." Employees are asked to contribute too

### State Civil Service Salary Policy

*The salary range shall be based on the principle that like salaries shall be paid for comparable duties and responsibilities.*

*In establishing or changing such ranges, consideration shall be given to the prevailing rates for comparable service in other public employment and in private business.*

— Section 18850, Government Code