

Inflation hits utility firms, too, state

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OLYMPIA — No matter where you live in the State of Washington, your cost of utilities is increasing, and probably will continue to.

"With an inflationary economy, a utility cannot be an island, standing out there by itself," said Robert Bailey, chairman of the State Utilities and Transportation Commission (U.T.C.). "We expect more and more utility rate-increase requests," he said.

His comments were prompted by four major rate increases now before the commission, with more expected shortly.

Before the commission now are these requests:

— Puget Sound Power and Light Co., \$90.5 million a year plus interim rate relief which already has been granted.

— Pacific Northwest Bell, \$48.5 million.

— Washington Natural Gas Co., \$9.3 million.

— Washington Water Power Co., (Spokane and Eastern Wash-

ington) \$25.3 million for electricity plus \$3 million for natural gas.

In addition, Northwest Natural Gas, which serves the Vancouver area, and Continental Telephone and General Telephone have indicated they will probably submit rate-increase requests in the near future.

And the commission already has permitted Puget Sound Power and Light to raise the previously approved surcharge on electric bills from \$14.4 million a year to \$32.7 million. That means average Puget Power residential customers now will pay a surcharge of \$8.58 a month in addition to their

regular electric bills.

"Utilities cannot keep up with the economy," Bailey said. He explained that because rate-increase requests are based on previous periods of time, the private utilities always are behind inflation.

Bailey said inflationary costs for building more power plants are taking their toll on utility rates, and bonds are harder to sell.

He said Washington Water Power has withdrawn a proposed sale of \$10 million in bonds to finance a wood-burning power plant in Northeastern Washington and is talking about holding up on other

construction plans.

Nothing indicates any letup in the requests for rate increases, Bailey said, adding that in an inflationary economy the commission will "have to go along. We don't ignore the protests of ratepayers who don't want their rates increased, but we are not protecting the public if we destroy companies."

As for conservation as a solution to the energy problem, Bailey said: "I contend that it is a bunch of hogwash to think that we can conserve enough energy that we won't need new generation facilities. I'm convinced we will need

new generation. We're highly for conservation, but that won't be enough."

The rate-increase requests now before the commission would have these effects on the bills of homeowners and other customers if approved by the commission:

— Puget Power's \$90.5 million request: \$8.90 a month to the average residential customers (plus the interim rate relief already granted).

— Pacific Northwest Bell's \$48.5 million request: An increase in the basic rate for one-party residential service in Seattle from \$8.25 a month to \$8.55, and for one-party

business telephones from \$23.65 to \$24.60 a month. (Increases in other P.N.B. areas would depend on the rate base but would range from 20 to 30 cents a month for residential service and from 40 to 95 cents for business phones.

— Washington Natural Gas Co. \$9.3 million: An average based on gas use of 100 therms a month of \$1.17 for residential gas users.

In addition, the four natural-gas companies which serve the state were allowed to go up a total of \$106 million Thursday because of increases to the companies in the price they must pay for natural gas from Canada.

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