

States' rights to set utility rates periled

By Sydney Kossen
Political Editor

The Nixon Administration is quietly testing a plan that would practically wipe out the authority of California and other states to regulate

electricity and gas rates and presumably the price of phone service, too.

The rates would climb automatically as utility company costs go up. Public hearings no longer would be required.

The proposal was mentioned by Federal Energy Chief John C. Sawhill at the Western Governors Conference last week in Albuquerque where he spoke of "my commitment to a full energy

partnership with state government."

Even Arizona's conservative Governor Jack Williams later told the Examiner he doesn't like the idea.

And it's sure to touch off loud consumer outcries at a four-day Federal Energy Administration hearing in San Francisco opening Oct. 7.

Consumer groups already are protesting the ease with which Sawhill's office en-

ables oil companies to raise gasoline prices.

He told the governors that the Administration wants to stimulate increased oil, gas and coal production and is "counting on the West for the energy sources of the future: nuclear, solar and geothermal . . ."

"We're also developing model state and local legislation that could help achieve national policies," Sawhill said.

Then he offered the controversial suggestion, explaining it would "devise cost pass-through mechanisms that help utility companies out of the current economic plight."

"We'd never go for that," said Gov. Mike O'Callaghan.

The Nevada Democrat remarked that "no way" could his state be persuaded to give up its power to examine utility rate change applications.

Gov. Williams said the utility firms "do deserve relief from their rising costs." But the Arizona conservative fears the Sawhill plan would further erode states' rights.

