

## **ATTACHMENT B**

### **Investigation of Practices Under Automatic Adjustment Clauses, Docket No. IN79-6**

**[61,139]**

### **Order Instituting Investigation of Practices Under Automatic Adjustment Clauses**

**(Issued April 26, 1979)**

**Before Commissioners: Georgiana Sheldon, Acting Chairman; Matthew Holden, Jr. and George R. Hall.**

Section 205(f)(2) of the Federal Power Act <sup>1</sup> requires that at least every two years the Commission review, with respect to each public utility, practices under any automatic adjustment clause of each utility "to insure to effect use of resources (including economical purchase and use of fuel and electric energy) under such clauses." PURPA defines an automatic adjustment clause as "a provision of a rate schedule which provides for increases or decreases (or both) without prior hearing, in rates reflecting increases or decreases (or both) in costs incurred by an electric utility." <sup>2</sup>

Pursuant to this requirement, the Commission intends to institute such a review of practices under automatic adjustment clauses employed by each public utility. This initial review will be conducted in addition to the ongoing field audits of the Commission, which will continue to examine all aspects of utility operations, including fuel programs, purchasing practices, management systems and other matters. The review will utilize the results of audits and other data filed with the Commission, in addition to the materials developed specifically by the review.

The Commission has determined that in order expeditiously to accomplish the review required under Section 208 of PURPA, it is appropriate to institute an investigation pursuant to Section 307(a) of the Federal Power Act.

The Commission has determined that in order to carry out the expeditious review required under Section 208(f)(2), it is appropriate to appoint a designated officer of the Commission who, pursuant to Section 307(b) of the Federal Power Act, will be empowered to administer oaths, subpoena witnesses, take evidence, require production of relevant documents and utilize all other powers enumerated in Section 307(b) of the Federal Power Act.

The designated officer is directed to invite state public utility commissions to cooperate in the review. Upon conclusion of his inquiry, the designated officer shall report his findings and recommendations to the Commission. Based on the foregoing,

*The Commission finds:*

(1) It is necessary and appropriate for purposes of the Federal Power Act to institute an investigation pursuant to Section 307(a) of the Federal Power Act into public utility practices under automatic adjustment clauses.

(2) It is necessary and appropriate to appoint a member of the Commission Staff as a designated officer of the Commission for the purposes of conducting this investigation.

*The Commission orders:*

(A) Pursuant to the Federal Power Act and the Commission's Rules and Regulations thereunder, an investigation of public utility practices under automatic adjustment clauses is hereby instituted.

(B) It is ordered that for the purposes of this investigation, William W. Lindsay is hereby designated an officer of this Commission and is empowered to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, or other records deemed relevant to the inquiry and to perform all other duties in connection therewith as prescribed by law, and to designate other staff members of the Commission as officers of the Commission with all powers herein enumerated.

(C) The designated officer shall report his findings and recommendations to the Commission.

(D) The Secretary shall cause prompt publication of this order to be made in the Federal Register.

**-- Footnotes --**

<sup>1</sup> Section 208 of the Public Utility Regulatory Policies Act of 1978 (PURPA) amended the Federal Power Act, adding, *inter alia*, Section 205(f)(2).

<sup>2</sup> Section 205(f)(4), Federal Power Act, as amended.