

Surging Power

Western industrial power consumers have sharply increased their electric-power purchases, using almost half again as much power in early 1967 as they did just four years earlier. According to a new series developed by the Federal Reserve Bank of San Francisco on the basis of data supplied by 15 reporting utilities, the index of electricity consumption by Twelfth District manufacturing and mining firms reached 141 in April 1967 (1963 = 100).

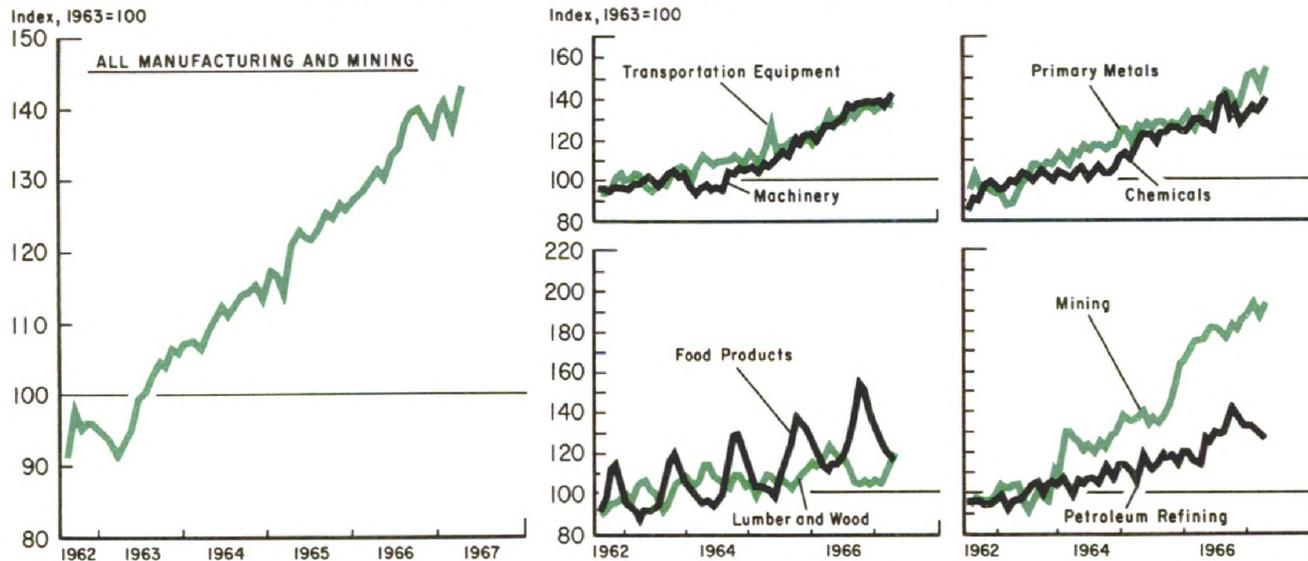
The series shows a strong uptrend over the last several years, interrupted by occasional softness as in late 1962 and again in late 1966. The data are not adjusted for seasonal variation, since the timespan covered — mid-1962 to date — is too short to permit accurate adjustment for seasonal movements.

The survey coverage, although not complete, is broad enough to cover all but the smallest electricity users. According to Survey of Manufactures data, 52.5 billion kilowatt-hours were sold to all Twelfth District industrial users in 1964, and reporting utilities in the Federal Reserve sample accounted for over two-thirds of that total. Coverage will soon be about 80 percent, partly because of an increase in the number of reporting utilities, but it will not reach 100 percent because the utilities do not report electricity consumption by small firms as is done by the Survey of Manufactures.

Rising electricity usage

The primary-metals industry, especially aluminum, is the largest consumer of electricity in the Twelfth District. This industry is only the seventh largest regional

Electric-power use by Western firms rises strongly in recent years . . . aluminum and mining firms show sharpest gains in power requirements



industry, accounting for less than 5 percent of value added by District manufacturers, but it uses over one-third of all electricity generated in the District. Moreover, it shows the greatest growth of any District industry, with its electricity usage rising to 154 percent of the 1963 average in March of this year.

The largest Western industries, transportation equipment and machinery—each with over 15 percent of total value added—are relatively small electricity consumers. But each has sharply expanded its electricity usage in recent years to meet the heavy demands of defense and business customers. In March, the power consumption index rose to 137 for transportation equipment and 143 for machinery (electrical plus non-electrical).

Another major regional industry, food and kindred products—with 14 percent of total value added—is most noteworthy for its sharp fluctuations in power usage. Between the post-harvest peak and the winter low each year, the food industry's power needs fluctuate as much as one-third. But with all that, the industry has exhibited a strong growth trend over the past several years.

Lumber and wood products, which accounts for 7 percent of value added by District manufacturing, has shown less growth in power usage. The industry reached its peak in consumption a year ago, declining later in line with softening business conditions, so that now (despite recent strength) its index is only 18 percent above the 1963 base.

—Joan Walsh

ELECTRIC POWER CONSUMPTION—TWELFTH DISTRICT MANUFACTURING AND MINING FIRMS

(1963 = 100)

	1962	1963	1964	1965	1966	1967
January	—	93.4	107.1	116.3	128.0	141.1
February	—	90.4	105.9	112.4	124.9	135.6
March	—	92.3	108.5	120.3	131.2	142.6
April	—	94.9	110.5	122.5	129.7	141.1
May	—	99.0	112.6	121.6	132.7	—
June	—	99.9	110.2	121.4	133.5	—
July	91.0	102.4	112.1	122.5	137.3	—
August	99.0	104.8	113.8	125.1	139.1	—
September	94.7	103.9	114.0	124.1	139.5	—
October	95.7	106.4	115.5	126.5	137.2	—
November	95.5	105.6	112.4	125.5	135.2	—
December	94.4	107.0	117.4	127.0	139.6	—