



SMUD ups Yolo windfall figure

New forecast: \$404 million in benefits for ratepayers

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SMUD annexation of Yolo County would generate \$404 million in total economic benefits over 20 years for ratepayers on both sides of the Sacramento River, district officials said in a revised forecast Tuesday.

The amount is based on the difference between the cost of serving new Yolo County customers and rates charged by their current utility, Pacific Gas and Electric Co., SMUD said.

Bills paid by Sacramento Municipal Utility District customers are expected to be 20 percent to 30 percent less than PG&E's rates for at least 20 years after 2008, when annexation would begin, officials said.

The projected windfall is \$142 million more than SMUD predicted in annexation studies last year. The new finding is based on requests for rate increases that PG&E has filed with energy regulators, which more than offset the impact of future natural gas prices, SMUD officials said.

"The data reinforces in my mind that this is a very good deal, a very beneficial deal," SMUD board member Bill Slaton said.

But the details were much less clear to others at a SMUD workshop Tuesday night to discuss the costs and benefits

of annexation in Sacramento and Yolo counties.

SMUD is seeking to expand its boundaries to take over 70,000 customers in Davis, West Sacramento, Woodland and adjacent unincorporated areas.

Some speakers sharply questioned SMUD's assertions in light of earlier ventures that did not go as smoothly for ratepayers as expected - such as annexing Folsom - or ended worse, like the scrapped Rancho Seco nuclear power plant.

Others said it was difficult to sort out conflicting information put out by SMUD and PG&E - including statements by chart-toting energy experts on each side who disagreed about the respective risks posed by rising natural gas prices.

PG&E spokeswoman Jann Taber dismissed SMUD's revised economic report as "smoke and mirrors." She said PG&E included the same rate increases in its own long-term studies, which concluded that annexation would cost Sacramento and Yolo county residents a combined price topping more than \$900 million.

"SMUD is misusing information and trying to confuse their customers and

our customers in order to sell them on this bad deal," Taber said.

SMUD board members said they would continue efforts to educate the public on the details of a plan to expand into eastern Yolo County.

SMUD is counting on details to become clearer as local regulators review the plan in advance of November ballot measures on annexation in both Sacramento and Yolo counties.

"I know there's a lot of confusion out there, because this is a very technical matter," SMUD President Genevieve Shiroma said. "We need to simplify and be clear about all of this."

SMUD officials at the two-hour workshop reiterated pledges that Yolo County customers would see electricity bills drop by at least 2 percent immediately. Meanwhile, Yolo County residents would bear the full cost of

annexation through rates and a surcharge expected to last five to 10 years.

Across the river, current customers in Sacramento and Placer counties would not pay any annexation costs but would share in any economic benefits generated by expansion, SMUD said.

According to the revised economic forecast, lower electricity rates would save \$249 million for Yolo County residents over 20 years, even after paying all annexation costs, SMUD Chief Financial Officer Jim Tracy said.

Meanwhile, Sacramento County residents would reap benefits totaling \$155 million through economies of scale and revenues from Yolo County customers. The new funds would be used for projects to benefit Sacramento County customers, including keeping rates low, SMUD officials said.

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