



OPINION

Editorial: Home disadvantage

Why PG&E wants SMUD vote on expansion

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Clever indeed is the company that figures out a way to play off its own poor reputation. Pacific Gas & Electric is that clever - and then some.

The utility has announced plans to bankroll an initiative that would force the Sacramento Municipal Utility District to hold an advisory vote among its existing customers on any proposal to significantly expand SMUD's service territory. The initiative is geared to throw a monkey wrench into a proposal by SMUD to expand into parts of Yolo County. After all, SMUD ratepayers know that their electricity rates are about 20 percent less than those of PG&E's. Their initial impulse will be understandable: Why is it good for them to give Yolo residents long-term price relief by making them customers of public power (SMUD) instead of for-profit PG&E?

Prepare for a campaign blitz and a lot of Yolo bashing. In this kind of election inside SMUD's own territory, PG&E may just begin with a home court advantage.

Expanding a public power utility into a private company's territory isn't as straightforward as it should be, thanks to laws and court decisions that play to the private company's advantage. Customers like to know the price of a product before they buy it. In the case of buying out PG&E inside the cities of Davis, Woodland and West

Sacramento in Yolo County, SMUD would have to purchase the existing poles, wires and switches. What would this hardware cost? Yolo residents wouldn't find out until after they vote to join SMUD and after a court battle.

Normally, if any government expands, the public vote happens only inside the expansion territory. For Yolo residents, the initial impulse is to join SMUD. After all, their rates now are about 20 percent higher than SMUD's current customers rates, leaving a lot of room to pay for hardware and still have lower rates.

But what is in it for existing SMUD customers? Size and economies of scale, says SMUD. A bigger SMUD can spread its fixed costs over more customers, saving them all money.

PG&E, of course, will claim the costs will exceed the benefits. And PG&E seems prepared to outspend SMUD supporters by many multiples in the campaign. Remember, with any initiative, it is easier to get a confused voter to pick No over Yes.

If SMUD customers were to cast an advisory vote on this Yolo expansion based on a balanced campaign, the vote would have value. PG&E, however, looks to tilt the playing field with a massive campaign. SMUD has a fight on its hands, inside Yolo County and now on its own turf.