



PG&E antes up in SMUD battle

A group funded by the utility's parent has spent almost \$500,000 to fight the Yolo annexation.

By Robert D. Dávila -- Bee Staff Writer

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Setting it straight: *A story Wednesday on Metro Page B1 misidentified the political action committee supporting the Sacramento Municipal Utility District's plan to annex Yolo County as SMUD Customers Say Yes to Annexation. The committee is SMUD Customers Say Yes to Low Rates.*

Laying the groundwork for a costly political battle, a group spearheaded by Pacific Gas and Electric Co. has spent about a half-million dollars to fight SMUD's annexation plan for Yolo County.

The Coalition for Reliable and Affordable Electricity spent \$499,333 through Dec. 31, according to disclosure statements filed Tuesday.

The effort was bankrolled entirely by PG&E Corp., the utility's parent company, which contributed cash totaling \$600,000.

More than half the money spent last year, \$262,000, went for advertising on radio and in local newspapers, including \$101,304 to The Bee. The coalition's ads accused the Sacramento Municipal Utility District of keeping its existing ratepayers "in the dark" about the costs of annexation.

In addition, the group spent \$34,000 to circulate petitions opposing SMUD expansion. The coalition has filed more than 53,000 signatures for a June ballot measure that would require SMUD to hold nonbinding elections on expansion plans.

So far, PG&E's investment has paid off. Pressured by the advertising and

initiative campaigns, SMUD directors agreed this month to put annexation to a binding vote of existing ratepayers in November.

Meanwhile, if annexation is approved by local regulators, Yolo County residents also are expected to vote on it in November.

With more than \$100,000 on hand at the start of this year, the coalition is set for an expensive campaign over SMUD's plan to take over 77,000 PG&E customers in Davis, West Sacramento, Woodland and adjacent unincorporated area.

PG&E officials have pledged to spend "whatever it takes" to block SMUD annexation. In 2002, the private utility spent more than \$2 million in a successful battle to block a public-power measure in San Francisco.

Jeff Raimundo of the Coalition for Reliable and Affordable Electricity said PG&E's deep pockets would "level the playing field" with SMUD, which is sponsoring public meetings, billing inserts, newspaper ads and a Web site about annexation.

"This makes us competitive," said Raimundo, whose Sacramento public relations firm received \$60,000 from

PG&E for political consulting, according to disclosure statements.

PG&E spokeswoman Jann Taber said the company is spending "shareholder money, not customer money" to fight annexation.

But SMUD President Genevieve Shiroma disagreed, saying PG&E's profits come from its customers.

"It's just a shame PG&E didn't use their customers' dollars to reinvest in repairing their system and improving reliability," Shiroma said.

While state law prohibits SMUD from openly advocating annexation, board

members are free to do so independently.

Several directors have helped form a political action group, SMUD Customers Say Yes to Annexation, which was not active during the disclosure period last year.

Like PG&E, annexation supporters will raise "whatever it takes" to win voter approval on both sides of the Sacramento River, SMUD Director Bill Slaton said.

"Only it won't cost us as much, because getting the message out is easier when the facts are on your side," Slaton said.

About the writer:

- The Bee's Robert D. Dávila can be reached at (916) 321-1077 or bdavila@sacbee.com.