



The Sacramento Bee

SMUD clears Yolo hurdle

By Terri Hardy -- Bee Staff Writer

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SMUD won a key victory Thursday night in its heated battle with PG&E over utility customers in Yolo County .

Finding that the 70,000 Yolo County customers would be better served by SMUD, the Sacramento Local Agency Formation Commission approved the plan 5-1 and ordered an election for voters to make the final decision.

Current Sacramento Municipal Utility District customers, as well as those in the proposed annexation area, will be able to vote in November. Both groups must pass the measure for the plan to go into effect.

"SMUD has the knowledge and experience to serve the proposed territory," said Peter Brundage, LAFCO's executive director, in a report to commission members. He noted that SMUD's rates are about "20 percent lower" than Pacific Gas and Electric Co. rates.

LAFCO is an obscure commission charged with governing boundary changes of special districts and cities.

Commissioner Susan Peters, who also serves on the Sacramento County Board of Supervisors, cast the dissenting vote, saying she was wary of SMUD claims that current ratepayers would not be affected.

"If there's a big surprise, Sacramento County ratepayers will pay for it in some way," Peters said.

The commission majority, however, agreed that costs to Yolo County users would fall and service levels would be at least equal to PG&E's.

Current SMUD customers would see no change in service levels or rates, and should derive economic benefits because fixed costs will be spread out over a larger pool of customers, Brundage said.

He conceded, however, that his conclusions that current customers will be "held harmless" were based in part on assurances from SMUD's board of directors.

"Basically, they're sticking their necks out," Brundage told the LAFCO board.

Annexation costs, including building substations, would fall solely on Yolo County customers, Brundage said. Initially, those new customers would be charged according to PG&E rates but would receive a guaranteed 2 percent discount every month. Once the annexation costs were repaid, Yolo County customers would be charged the same rate as the rest of SMUD's customers.

PG&E supporters have contested the change, saying it's too risky and the impact on utility bills is uncertain.

"If we know anything, it's that we don't know," said PG&E adviser Dan Richard.

All governing boards for the annexation area - Davis , Woodland , West Sacramento and Yolo County - have endorsed the plan.

Steve Souza, a Davis city councilman, urged the LAFCO approval. He said that if his city paid SMUD rates, it would save \$600,000 a year and residents would save \$10 million a year.

Ray Jones, a former West Sacramento councilman, asked LAFCO to allow his city a separate vote on the measure. He submitted more than 1,500 signatures on a petition supporting his request.

The attorney for LAFCO, however, said a separate election was not permitted. The Bee's Terri Hardy can be reached at (916) 321-1073 or thardy@sacbee.com.