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## Editorial: Whose money?

### Before it was PG&E's, it was customers'

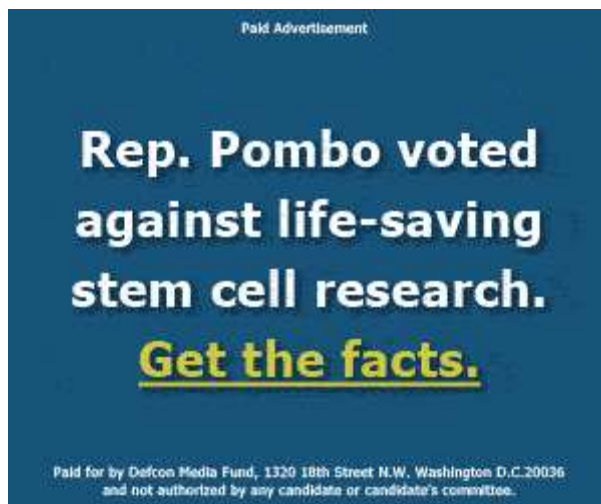
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Pacific Gas and Electric begs to differ.

The utility took exception to a recent editorial saying that PG&E is using its customers' money as it fights the Sacramento Municipal Utility District and its proposed expansion into Yolo County.

PG&E has spent more than \$9 million bombarding SMUD and Yolo voters with mailers, television ads and radio spots, all with doomsday predictions about getting electricity from SMUD. PG&E, a regulated monopoly, is listed on public records as the source of the campaign funds. Customers are the overwhelming source of PG&E's revenues. Hence our view that PG&E is spending customers' money in the Yolo referendum campaign.



But PG&E looks at things differently. Its version of reality isn't a trivial question of accounting. It gets right to the gut difference between PG&E and SMUD: PG&E has shareholders it has to please. SMUD answers only to its customers, which is to say the public.

Here is what Jann Taber, a PG&E spokesman, wrote the other day about its campaign spending: "PG&E unequivocally does NOT collect in rates or charge customers for political campaigns, including the campaign to oppose the takeover measures. The campaign is funded entirely with shareholder dollars."

So precisely what is a "shareholder dollar" as compared to a customer dollar? It should be quite clear from the perspective of the customer -- if the money comes from the customer, it surely is customer money.

But that is not the mindset of a for-profit utility such as PG&E. It divides its money from customers into two separate categories. There is the money from rates that must be plowed back into the utility to fix the wires and buy the power. And there is the regulated profit, the rate of return, which the utility can spend as it wishes.

This is part of the "shareholder dollars" PG&E cites. So when PG&E goes out and spends millions and millions of dollars convincing its own customers how to vote, it also wants to say that this money isn't coming from the customers' own pockets. From PG&E's viewpoint, this money is coming from the pockets of the shareholders.

Hmm. So where exactly did the shareholders get this money? We're back where we started.

SMUD's proposed expansion into Yolo County is very complicated. But it boils down to whether it is worth it to Yolo County residents and current SMUD customers to pay a one-time cost to buy PG&E's poles and wires and then be forever a part of SMUD, a not-for-profit utility known for its high marks in customer satisfaction and utility rates lower than PG&E's.

Speaking of rates: Back at the Public Utilities Commission, PG&E is busy trying to increase its rates, which would turn more of its customers' money into "shareholder money." That tidbit of reality is missing from its political campaign in Yolo County.

For PG&E, the pressure to please shareholders and increase revenues never goes away. That profit pressure isn't on SMUD. Its publicly elected board of directors will never have to distinguish in any budget between money that belongs to customers vs. its shareholders. For public power, it is all the public's money for public power. Always. No amount of accountant-speak can obscure that.

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