



Consultant: SMUD annexation would benefit customers

By Ed Fletcher -- Bee Staff Writer

Published 5:00 pm PST Wednesday, March 29, 2006

If SMUD's proposed annexation into Yolo County is ultimately approved, the municipal utility district's customers stand to save between \$165 million and \$380 million over 20 years, according to a consultant hired to evaluate the district's proposed expansion.

The Sacramento Metropolitan Utility District has proposed annexing 77,000 Pacific Gas and Electric Co. customers living in Davis, West Sacramento, Woodland and adjacent unincorporated areas. The move has been endorsed by each of the cities.

If approved by the Sacramento County Local Agency Formation Commission, which commissioned the consultant's report, voters will be allowed to weigh in on the expansion proposal in November.

The proposal has been subject to wildly differing takes on what SMUD would ultimately be forced to pay the investor-owned utility company for the poles, lines and other equipment within the Yolo County territory and consequently the ultimate cost or benefit to customers.

By PG&E's estimate, the equipment costs total \$516 million. SMUD put the fair market value of the PG&E property at \$84 million.

The New Hampshire-based consulting firm GES Engineers & Appraisers said a "reasonable estimate" of fair market value was \$110 million.

The two sides had radically different views of the report.

"We very pleased with the findings," said Arlen Orchard, a SMUD attorney. "It vindicates what SMUD has been saying all along. This should effective end the 'he said, he said' that has been going on."

Conversely, Jeff Raimundo of the PG&E-funded Coalition for Reliable and Affordable Electricity, said, "It's just another consultant's report."

"The final cost will be determined by a lengthy eminent domain lawsuit," Raimundo said.

He said court determination of the value is likely to come closer to PG&E's estimate.

For more details, see Thursday's Bee.