

PG&E's little secret

Utility hides from public its Yolo information

As the Sacramento Municipal Utility District proposes to expand into Pacific Gas and Electric territory in portions of Yolo County, PG&E has extracted more than 30,000 pages of Yolo information from SMUD. PG&E can do that because, as a public power authority, SMUD is an open book. PG&E, however, is an entirely different animal. It is a private company that must release only so much information.

It turns out that PG&E does have some very useful information. It could likely be distilled onto a single piece of paper: What is the value on PG&E's books of the poles and wires in Yolo County? And how much has PG&E depreciated those assets over the years?

In PG&E's public relations campaign against SMUD, look for the answers to these financial questions. You won't find them. It is notable they are missing. It is quite telling that PG&E to date is trying its darndest to keep them a secret.

Why is the financial accounting for these poles and wires so important? It has to do with the eventual costs of annexation and a raging political debate over those costs.

If Yolo voters in Davis, Woodland, West Sacramento and surrounding areas decide next year to join SMUD, then SMUD would have to buy the local poles and wires from PG&E. A court would review PG&E's books in setting a fair sales price. PG&E can't hide

this financial information from a judge after the election. But to date, it is keeping it a secret from the public. It prefers instead to spend lavishly on a media campaign that avoids those facts and plays on SMUD customers' fears of higher rates if the Yolo annexation were to happen.

SMUD ratepayers know they have a good deal compared with those at PG&E. But only one of these utilities over decades has earned the trust of this community.

SMUD estimates it would cost no more than \$250 million to build an entirely new distribution system (that obviously won't be necessary). PG&E claims it would cost \$515 million to build a new system, minus the depreciation it has logged on the books.

We don't have the clairvoyance to know the sales price that a judge would find reasonable for PG&E's Yolo distribution system. But we do have somewhat of a memory about creating public power authorities and leaving PG&E. That is how Sacramento created SMUD. And PG&E didn't think SMUD was a good idea, either.

True to form, this annexation election is just as heated. But look for the light, the facts. A watchful public can tell just how open and honest both PG&E and SMUD are being with the public. SMUD has provided 30,000 pages to PG&E. And PG&E isn't providing one very telling piece of paper. That speaks volumes.

PG&E & the 10 Commandments:

"You don't lie. You don't cheat. You don't steal. You don't commit adultery. It's the Ten Commandments that drive my world view."

—Peter Darbee, CEO, PG&E Corp.,
Column by David Lazarus,
San Francisco Chronicle, Jan. 14, 2005.

SMUD vs. PG&E: UTILITY-WIDE WEIGHTED AVERAGE ELECTRICITY PRICES, 2000&2005

	Year	SMUD	PG&E
Price	2000	7.6¢/kWh	10.0¢/kWh
Year	2005	9.9¢/kWh	13.1¢/kWh
Change	2000-'05	+2.3 cents	+3.1 cents

Sources: 2000: California Energy Commission?
2005: Alan Wilcox, Rate Administration,
SMUD, phone conversation, April 2005.

Another memorable PG&E quote:

"We think the time to municipalize has long passed. Rates are going down anyways."

—Ron Sharpe, Gov't Relations Rep,
PG&E Co., Davis Enterprise, Feb. 24, 2000.



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*Source: Energy Rates and Contracts, Los Angeles Dept. of Water and Power, Monthly Report, available by calling (213) 367-0330.

SMUD vs. PG&E: SAMPLE ELECTRIC BILLS: Nov. 2005*	
Electric Utility	Residential (700 kWh)
PG&E	\$97
SMUD	\$60
Savings w/SMUD	\$37/mo.
	Business (2,000 kWh)
PG&E	\$243
SMUD	\$210
Savings w/SMUD	\$33/mo.
	Supermarket (250,000 kWh)
PG&E	\$24,021
SMUD	\$17,167
Savings w/SMUD	\$6,854/mo.

EDITORIAL