

# Can We Join SMUD?

By Dan Berman, Coalition for Local Power(\*)

On Tuesday, Dec. 7 the Davis City Council will host a hearing to present the conclusions of the \$500,000 SMUD Annexation Study. Similar hearings will also take place in West Sacramento and Woodland. The study's purpose is to determine whether annexation makes financial and technical sense for SMUD and for its potential new customers in Yolo County.

The study will "make estimates of what the electric rates might be for each partnering community in order to recover the costs of annexation" of PG&E's poles and wires over the long term.

**FOLSOM ANNEXATION:** In 1981-'84, when Folsom was annexed to SMUD, PG&E first declared that its property wasn't for sale, then demanded \$23 million for its poles and wires. SMUD countered with an offer of \$5.5 million, then took PG&E to court under eminent domain, after the Folsom electorate had voted by a 72% margin to support annexation. PG&E ended up settling out of court for \$13 million. (For more on the Folsom annexation, to <http://www.cityofdavis.org/topic.pdfs.Municipal-Electric-Utility-Options-Analysis.pdf>, Appendix B).

Annexation will require, in this order: 1) a study finding that annexation makes sense; 2) City council votes in West Sacramento, Davis, and Woodland; 3) a SMUD Board of Directors vote; 4) approval by the Sacramento County's Local Agency Formation Commission (LAFCO); and eventually 5) separate votes by the electorates of the three major cities in Yolo County. Go to [www.SMUDannexationstudy.com](http://www.SMUDannexationstudy.com) to find out about the study. The text of the study will be posted there in late November, along with the schedules for official educational hearings about the study in Davis, West Sacramento, Woodland, and Yolo County.

## Why is SMUD Better?

Compared to PG&E, SMUD is better for five simple reasons:

### 1. SMUD is cheaper

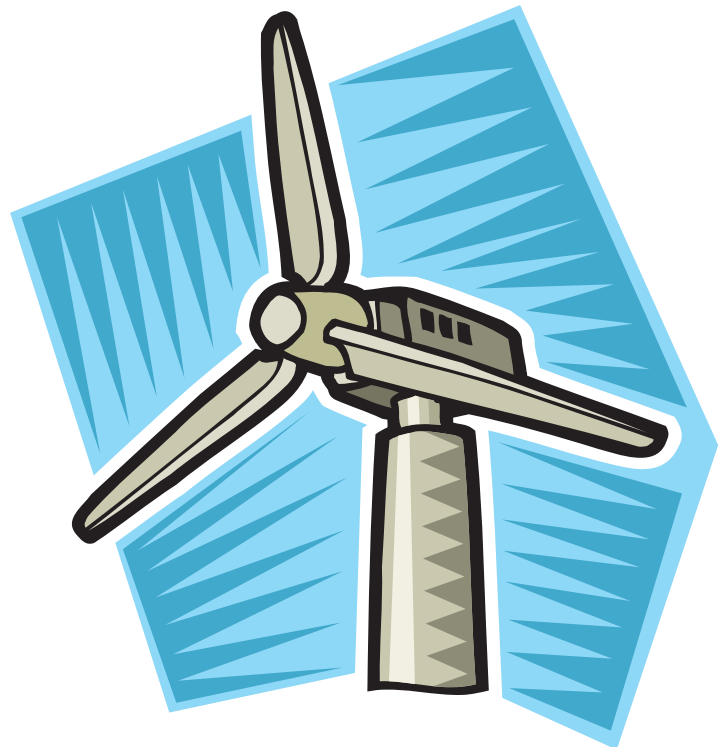
The table below shows that SMUD charges from 5.6¢ to 11.5¢ less per kilowatt/hour than PG&E over a variety of rate

	Residential (700kWh)	Small Business (2,000kWh)	Large Supermarket (250,000kWh)
SMUD	\$61 (8.7¢/ kWh)	\$199 (9.9¢/kWh)	\$25,905 (10.2¢/kWh)
PG&E	\$106 (15.1¢/kWh)	\$448 (22.4¢/kWh)	\$39,744 (15.8¢/kWh)
Estimated Savings:	\$45/mo.	\$249/mo.	\$13,839/mo.

categories. When we transition from PG&E to SMUD in Yolo County, this difference will probably allow us to buy PG&E's local system and reduce rates slightly. After the system has been paid off, Yolo's new SMUD customers like all SMUD customers since at least 1980--will pay substantially less than PG&E customers....

Typical Electric Bills, August 2004

Calculated from "Comparison of Typical Electric Bills," Monthly Report, Energy Rates & Contracts, Los Angeles Dept. of Water and Power, available by calling 213-367-0330.



### 2. SMUD is greener.

Where Green Electricity is concerned, SMUD has installed over 5 times as much solar electric (a.k.a. photovoltaic or PV) capacity per customer --and over twice as much wind capacity per customer -- as PG&E. The statistics speak for themselves:

- PV capacity per customer: SMUD: 31 watts, PG&E 5.5 watts (1)
- Wind capacity per customer: SMUD: 339 watts, PG&E: 137 watts (2)

### 3. SMUD has happier customers.

When it comes to Customer Satisfaction, there is no contest: according to the J.D. Power's "2004 Electric Utility Residential Customer Satisfaction Study", SMUD ranked 3rd in "customer satisfaction" and PG&E ranked 10th of the 13 largest utilities in the West(3).

### 4. SMUD's top executives are in it for the service, not the money.

Mr. Gordon Smith helped lead PG&E into bankruptcy. He is the President and CEO of the Pacific Gas and Electric Company, and Senior VP of PG&E Corp. (the bankrupt holding company). Mr. Smith made \$11,838,392 in total compensation in 2003. SMUD's General Manager, Ms. Jan

Schori, earned \$283,327 that same year. (4)

### 5. SMUD is more democratic.

SMUD's superiority on all counts has everything to do with Community Accountability. SMUD is a democratic enterprise, governed by an elected board of directors, which is directly accountable to its customer/owners. PG&E's is accountable to its stockholders as well as its customers. The PG&E Co. is a subsidiary of the PG&E Corp., a holding company owned by private investors and governed by a self-appointed Board of Directors that meets in private. SMUD's democratic accountability makes all the difference.



#### REFERENCES:

(1) [http://www.energy.ca.gov/renewables/emerging\\_renewables/2004-07-20\\_GRID\\_PV.PDF](http://www.energy.ca.gov/renewables/emerging_renewables/2004-07-20_GRID_PV.PDF), August 2004. (PG&E Co. has about 3.5 million customers; SMUD about 540,000).

(2) The American Wind Energy Association website: [www.awea.org](http://www.awea.org), which has capacity data by state.

(3) <http://www.jdpa.com/awards/industry/pressrelease.asp?StudyID=869>

(4) Information on Mr. Gordon Smith's total compensation comes from General Order No. 77-K Report for 2003, furnished to the California Public Utilities Commission by PG&E Co. The information comes from Attachment 1, p. 141, as well as from the section which lists all salaries of \$75,000 and above. To locate this report call the California Public Utilities Commission at 415-703-1329. Information on Ms. Jan Schori's salary was supplied by her office in July 2004.

(\*) The Coalition for Local Power is an ad hoc citizens group that has advocated public power solutions in Yolo County since 1997. For more information call Dan Berman at 530-757-6609, Martin Homec at 530-867-1850, or Dean T. Newberry at 530-758-1378. Berman is the author of WHO OWNS THE SUN. Homec has been a utilities analyst for many years, and Newberry is a solar contractor. Both Berman and Newberry served on the Citizens Task Force on Energy Issues of the City of Davis.

## Sierra Club Outings

### Led by local leaders



**Nov 20, Saturday (grade 2A).**

#### *Bear Valley Pt. Reyes Nat'l Seashore*

We start at the Visitor Center and hike Along Bear Valley Creek to the ocean's edge for lunch. 9 total miles & 200' elev. gain. Includes a quick stop at the Marin Cheese Factory on the way. Rain cancels. Meet at the Mace Blvd exit (east side of Davis) Park & Ride north of I-80 at 8:00 a.m. **Leader Richard Crescitelli (530) 758-2340, [rcresci@rocketmail.com](mailto:rcresci@rocketmail.com).**

### Other Outings

The Yolano Group is part of the Mother Lode Chapter. To find out about other Sierra Club outings, find them listed at: [www.motherlode.sierraclub.org](http://www.motherlode.sierraclub.org) and click on "outings". There are outings for people of all ages and at all levels, including hiking, backpacking, kayaking, paddle trips, etc.

## Hike the Cache Creek-Blue Ridge Region

The Capay Valley Hiking Club's new hike schedule is now up on the [www.yolohike.org](http://www.yolohike.org) web site.

Several new hikes and some overnights trips are included in the new schedule along with traditional hikes to Frog Pond, Redbud Trail, Cold Canyon, Brophy Canyon and Cortina Ridge.



These guided hikes are a great way to visit our remaining wild places in western Yolo County and parts of Napa, Lake and Colusa counties. Trip descriptions, maps and organizational details are available on the web site.

Yes, I want to join the Sierra Club! My check is enclosed.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Introductory  \$25 Individual  \$39 Joint  \$47

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