

## **Munis filed suit today to stop Prop 16: S.F. sues over PG&E-backed ballot measure**

*Bob Egelko, Chronicle Staff Writer*

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SAN FRANCISCO -- San Francisco and a group of government-owned utilities from around California took their campaign against a Pacific Gas and Electric Co.-sponsored ballot measure to court Thursday, arguing that Proposition 16 is a power grab dressed up as an expansion of taxpayers' rights.

The proposed state constitutional amendment on the June 8 ballot would require a two-thirds voter approval for any local government to enter the electricity business or expand its electric generation. PG&E funded signature-gathering for the initiative and has said it will spend as much as \$35 million on the campaign. In a suit filed in Sacramento County Superior Court, San Francisco and other local governments that would be affected by Prop. 16 asked a judge to remove it from the ballot, saying its text is full of falsehoods designed to mislead petition-signers and voters.

For example, the suit said, the measure is titled, "The Taxpayers' Right to Vote Act," but it would affect electric rates, not taxes.

The measure's true purpose, lawyers for the local governments said, is "to lock in PG&E's monopoly over its existing service areas," but the text does not refer to that subject or even mention PG&E.

"Despite what its proponents would have us believe, Prop. 16 doesn't help taxpayers and doesn't empower voters - in fact, it does the exact opposite," said San Francisco City Attorney Dennis Herrera.

Robin Swanson, spokeswoman for Yes on 16, described the suit as "politicians spending taxpayer money to try to stop a vote of the people."

"Prop. 16 is simply about guaranteeing local citizens the right to vote ... where local governments are spending lots of money to get into the retail electric business," Swanson said. "We think the voters should have a say in that. Apparently, these folks don't."

Court-ordered removal of a ballot measure because of misleading language is rare but not unprecedented. The state Supreme Court dumped proposed initiatives in 1934 and 1936 because neither mentioned in its title that it would raise taxes.

In 1999, a state appeals court scuttled an initiative by opponents of a planned new 49ers stadium at Candlestick Point, saying their petitions contained numerous false statements about stadium financing and previous voter approval. Thursday's lawsuit accused the drafters of Prop. 16 of misrepresenting current law as well as the effects of the initiative.

For example, the measure says local governments can avoid going to voters before spending money to create or expand public power generation, or taking on "many forms of borrowing, debt or financing."

In fact, the suit said, the state Constitution requires local governments to get

two-thirds voter approval before incurring debts. In addition, the suit said, a municipality that supplies electricity already needs approval from its voters, as well as the state Public Utilities Commission, before expanding into an area served by a private utility such as PG&E.

The suit also contended that Prop. 16 "conceals the fact that taxpayers will actually be harmed if electricity service by (public agencies) is limited," because those agencies, aided by tax-exempt financing, provide equal service at lower prices.

Plaintiffs in Thursday's lawsuit include the Sacramento Municipal Utility District, several smaller public power generators and the California Municipal Utilities Association.

San Francisco is also a plaintiff, even though its voters rejected a public-power measure last year after an opposition campaign bankrolled by PG&E. The city is working on a system called community choice aggregation that would allow it to supply residents with power from renewable sources through the PG&E grid.

E-mail Bob Egelko at

[beigelko@sfchronicle.com](mailto:beigelko@sfchronicle.com).

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