

Marin energy battle plays out before state commission

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A Pacific Gas and Electric Co. spokeswoman told the California Public Utilities Commission on Tuesday that the investor-owned utility is spending millions of dollars to pass Proposition 16 because it wants to protect California taxpayers.

But Shawn Marshall, vice chairwoman of the Marin Energy Authority, told the commission that she and other critics of the initiative have their own name for the June ballot measure: "The monopoly protection act."

The commission held a public forum in San Francisco on Tuesday afternoon to air arguments for and against Prop. 16, which would amend the state constitution to require two-thirds voter approval before public entities could use taxpayer funds to provide electrical service to new customers. Public records show that PG&E has already contributed more than \$28 million to the Yes on 16 campaign committee.

"Prop. 16 simply stands for the principle that voters should decide whether their taxpayers dollars should be spent on getting into the electricity business," said Nancy McFadden, a senior vice president at PG&E.

Marshall, however, said, "It is the worse kind of ballot-box legislation that we've seen in years."

If Prop. 16 passes it could block the Marin Energy Authority, which plans to start selling electricity to its first Marin customers in May, from expanding its customer base. Marshall told commissioners Tuesday that PG&E is violating so-called "community choice aggregation" state law by not cooperating with the authority's Marin Clean Energy initiative. She pleaded for the commission to force the PG&E to follow the letter of the law.

The authority - a group consisting of the county of Marin, San Rafael, Mill Valley, Sausalito, Tiburon, San Anselmo, Fairfax and Belvedere - is competing with PG&E as a retailer of electricity in Marin with the aim of cutting the emission of greenhouse gases by boosting renewable energy use.

Making the case for Prop. 16 along with McFadden were former San Francisco mayor Willie Brown, and representatives of the California Chamber of Commerce and the International Brotherhood of Electrical Workers.

Besides Marshall, opponents included former California Energy Commission member John Geesman, San Francisco Supervisor Ross Mirkarimi, Steve Van Dorn, president of the Santa Clara Chamber of Commerce, and representatives of several publicly-owned utilities.

Brown said, "Prop. 16 is exactly consistent with (PG&E's) desires and their goals and their mission and that is to give total and complete transparency to decisions that are to be made when huge public dollars are to be incurred."

Geesman, however, said PG&E has been less than candid when it comes to stating

their true motives for sponsoring the legislation. Geesman said the description that PG&E Chairman Peter Darbee "gave on Wall Street of the thinking behind Prop. 16 was an awful lot different than the one you heard this afternoon."

"There wasn't any discussion of the right to vote. There wasn't any discussion about the protection of the taxpayer," Geesman said. He said Darbee made clear to Wall Street analysts that PG&E's intent with Prop. 16 is to squelch competition.

PG&E officials have told their shareholders that the company might spend as much as \$35 million backing Prop. 16. McFadden assured the commission that all of that money will come from shareholder's profits, not ratepayers.

Geesman challenged that idea also.

"I know you set rates at a level necessary to finance needed infrastructure," he told the commission. "I know you don't set them at a level that can create \$35 million political slush funds for ventures on the California ballot. Either Mr. Darbee is misappropriating funds or you've been too generous."

In addition to affecting new community choice aggregators such as the Marin Energy Authority, Prop. 16 would also require a two-thirds vote before an existing publicly-owned utility could expand its service area.

Paul Hauser, director of the Redding Electric Utility, said that the residents of Redding would be paying \$40 million more per year if they were paying the rates charged to PG&E customers.

Hauser said a business that is building a new manufacturing plant in Redding told the city that its utility's low rates and reliability were one of the reasons it is locating there. If Prop. 16 passes, it is extremely unlikely that Redding will ever develop another such project, Hauser said.

Mark Joseph, a representative of IBEW Local 1295, said he supports Prop. 16 because he doubts that aggregators such as the Marin Energy Authority will be Commission President Michael Peevey, however, asked, "Will not the individuals who complain about the bill have the simple option of going back to PG&E?"

Peevey said he objected to the initiative's two-thirds requirement.

"I have a philosophical problem with requiring a two-thirds vote on anything," Peevey said. "Then, 33 percent plus one becomes the effective majority."

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