

Proposition 16 changes rules on public power

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California has a long, expensive history of fighting over public power - electric service provided by government.

Proposition 16 on the June ballot would radically alter the rules of engagement.

The ballot measure, funded to the tune of \$35 million almost entirely by Pacific Gas and Electric Co., would force local governments to win the approval of two-thirds of their voters before jumping into the electricity business.

Time and again, cities have tried to break free from PG&E to start their own municipal utilities or join others. Sometimes these fights involve a vote by residents, sometimes they don't. PG&E, based in San Francisco, usually prevails.

But the utility, California's largest, doesn't always win. Marin County started its own public power agency last week, under a new system called community choice aggregation that doesn't require a public vote. San Francisco officials want to follow suit. So do communities elsewhere in the Bay Area and the Central Valley.

If Prop. 16 passes, most of those local efforts would fail, public power advocates say. While they might be able to win a simple majority in an election, advocates say, the two-thirds requirement could prove insurmountable. They consider the ballot measure nothing less than PG&E's attempt to crush their movement.

"This is a for-profit corporation trying to kill off its not-for-profit rivals," said San Francisco Supervisor Ross Mirkarimi. "Prop. 16 is a colossal fraud perpetrated on the people of California."

let voters decide

PG&E and its supporters in the business community insist that Prop. 16 would merely grant voters the final say over public power projects, enshrining that right in the state Constitution.

"A two-thirds vote on well-conceived measures is very possible to obtain," Nancy McFadden, senior vice president at PG&E, said during a March public hearing on the proposition. "It simply gives voters the right to vote on these very important matters when public money is involved."

The measure's opponents consider that argument a smoke screen. They point to comments PG&E's chief executive officer, Peter Darbee, made during an investor conference the same month, in which he said the measure could save the company money that it spends to defeat individual public power initiatives.

"So it was really a decision about could we greatly diminish this kind of activity for all going forward rather than spending \$10 (million) to \$15 million a year of your money to invest in this," Darbee said. His comments were cited by San Francisco officials in an unsuccessful lawsuit to get Prop. 16 tossed off the ballot.

lopsided spending

PG&E has spent just shy of \$35 million on the campaign, blanketing the airwaves with ads that have become nearly as inescapable as those from Meg Whitman, GOP candidate for governor. Until last week, the utility was Prop. 16's only financial backer. According to state records, the California Chamber of Commerce kicked in \$91,258 on May 5.

Opponents, meanwhile, have raised \$36,925. Unable to afford an expensive television campaign, they have been forced to rely on news releases and short online videos arguing against the initiative.

"We don't have half a state full of captive customers like they do to fund their campaign,"

said Mindy Spatt, spokeswoman for The Utility Reform Network, a consumer watchdog group that has helped organize and fund the opposition. "We have to rely on people power."

renewed energy

Californians' interest in public power has waxed and waned over the years. But the establishment of Marin County's new energy authority has rekindled the enthusiasm of the idea's proponents.

Unlike the municipal utilities in Sacramento or Alameda, community choice aggregation systems such as the Marin Energy Authority don't own the power lines or distribution equipment. Instead, they buy power on behalf of their residents and set their own electricity rates, while traditional utilities such as PG&E continue to own and run the power grid.

Marin's is the first community choice system in California, and San Francisco officials have been scrambling to launch their own.

Prop. 16 - with its two-thirds vote requirement - would make that much more difficult.

Steve Falk, president of the San Francisco Chamber of Commerce, said San Francisco's planned community choice system illustrates the need for Prop. 16. San Francisco voters have repeatedly rejected proposals to have the city provide electricity, most recently in 2008. But unless Prop. 16 passes, San Francisco can start its community choice system without a full public vote.

"It's always gone to the people, and the people have always voted no," said Falk, whose organization includes PG&E and supports Prop. 16. "And here we are again. The city is moving ahead without a vote of the people."

proposition 16

What it would do: Force local governments to win the approval of two-thirds of voters before creating or expanding a public power system.

Who's for it: Pacific Gas and Electric Co., California Chamber of Commerce, California Taxpayers' Association.

Who's against it: Consumer Federation of California, Sierra Club of California, The Utility Reform Network.

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