

## **The Manteca Bulletin**

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# **Why PG&E fears SSJID as well as Marin County**

**By Dennis Wyatt, Managing Editor**

It is abundantly clear with each passing day that PG&E – a key player in plunging California into a downward spiral and helping set the stage for the recall of Gov. Gray Davis when it successfully greased politicians in Sacramento to deregulate power in the Golden State – never intended to play by the rules it helped create.

In order to sweet talk state politicians to deregulate them and other big power providers, PG&E proposed things such as helping irrigation districts enter the retail power business. After deregulation almost put the state in shambles they embraced another state-adopted concept known as community choice aggregation (CCA) to take the wind out of the backlash against PG&E.

The end result of deregulation was sky high power costs, roiling black outs, cutbacks in the PG&E rank-and-file to bolster corporate profits, and a shell game where PG&E created a holding company to allow the firm to essentially buy itself so they could re-depreciate assets to avoid taxes. And they did all this with state protection that assured them no matter how much they messed up they had an 11.45 percent profit margin. Naturally, they peeled off tens upon tens of millions of dollars for corporate toys such as a jet and big seven figure bonuses to the top echelon while shortchanging stockholders who saw a much smaller return.

PG&E is now crying foul because Marin County is actually moving forward to put a CCA in place.

The Marin Energy Authority – consisting of the county and most of its cities – has adopted a contract with Shell Energy North America to secure electricity from sources other than PG&E. The initial rates will match PG&E with the long range goal being to lower costs to customers.

PG&E would continue to own and operate the grid and would charge the authority for the cost of delivering the electricity to customers that

sign on.

PG&E, of course, is howling louder than a Wall Street banker who got their bonus check slashed from \$20 million to \$5 million after receiving a taxpayer bailout to keep their company afloat. They are threatening not to deliver the authority's power over PG&E lines and are whining that the authority should have been required to create an environmental impact report.

Too bad that the state law implicitly requires PG&E to deliver the power for communities that go with CCAs. Besides, it is not as if they are doing it for free or without profit. As for the environmental study, what is the impact? They are using the national electricity transmission backbone that is already in place plus using PG&E facilities. Is PG&E saying their current transmission system poses a threat to the environment? The only damage that is going to happen is to the environment of PG&E's pocketbook since they won't be able to make big profits off the sale of actual electricity and will have to settle for profiting from simply providing the transmission facilities in much of Marin County.

South San Joaquin Irrigation District wisely passed on going with community choice aggregation after PG&E two years ago lambasted the SSJID for not pursuing that instead of targeting a takeover of PG&E service territory in Manteca, Ripon, and Escalon. PG&E tried to whip up opposition to SSJID by saying CCA was a much safer and smarter move.

SSJID passed for two reasons. First, since they have their own hydroelectric generation they are in a position financially to indeed deliver bigger savings by being the retailer. Those savings will be at least 15 percent right -off-the-bat along with improved service. Second, and most important, they knew the PG&E echelon at Beale Street in San Francisco would ultimately do everything they could to block a CCA that would have saved less than actually taking over the system.

SSJID was the only irrigation district to try to enter the retail power business using PG&E's promise codified in state law as part of a deal to secure deregulation PG&E strung SSJUD along for four years before the SSJID decided to try and start their own retail power system which is perfectly legal to do. Then PG&E stalled that by trying to block system inter-ties that state law allows. After that went nowhere fast and SSJID decided it made more sense to benefit everyone in the

district instead of just a few power users that creating and building their own system would do. PG&E then offered to sell SSJID the dilapidated system near the Stanislaus and San Joaquin rivers to “help” them get into the retail business.

PG&E can ill afford Marin County to succeed. If their model works – and PG&E obviously knows it well – they will eventually start having lower power costs in Marin County than PG&E customers elsewhere. That will just encourage more CCAs to move forward.

SSJID is an entirely different case. PG&E knows that given SSJID’s hydroelectric arsenal and how well it has managed and operated its wholesale electric assets it is quite capable of delivering 15 percent savings out of the gate.

PG&E has been hiding behind state protection to essentially plunder and pillage the pocketbooks of its captive customers.

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