

PUC listens to Proposition 16 debate

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Critics of a PG&E-backed ballot measure that would hamper public power efforts want California energy regulators to jump into the fray.

At an unusual hearing of the California Public Utilities Commission, public officials and consumer advocates on Wednesday urged the commissioners to oppose Proposition 16. The initiative, on the June 8 ballot, would amend the state Constitution, requiring local governments that want to enter the electricity business to win the approval of two-thirds of their voters first.

Pacific Gas and Electric Co. has provided all of the measure's funding to date and has promised to pump as much as \$35 million into the campaign. Opponents implored commissioners, who oversee the state's investor-owned utilities, to take a position against the initiative, calling it PG&E's attempt to block competition.

"Never before in the history of this commission has one of your regulatees decided to write its own business advantage into the state Constitution," said John Geesman, a former member of the California Energy Commission who has emerged as one of the initiative's fiercest critics.

The utilities commission did not stake out a position Wednesday. The hearing was designed as a debate between the measure's backers and foes to educate the public - not to produce a resolution from the commission.

But commission President Michael Peevey said after the hearing that he and his colleagues would probably take up the matter this spring. The commissioners have occasionally weighed in on ballot measures that deal with the industries they regulate.

"Based on past precedent, it's likely the commission will take a position on this," Peevey said.

New type of system

Representatives of PG&E and other groups supporting the initiative argued on Wednesday that California needs the measure. A new type of public power being pursued in San Francisco and Marin County - called community choice aggregation - requires approval from local elected officials but not from voters. Under community choice aggregation, local governments buy electricity on behalf of their residents and set their own rates, while traditional utilities such as PG&E continue to own and operate the power grid.

"Proposition 16 does not decide between public power and no public power," said PG&E Senior Vice President Nancy McFadden. "It simply gives people the right to vote."

That argument, however, met with skepticism from Peevey.

"I can understand the frustration when you see something go forward without a vote of the people," he said. "But if that is the case, why require a two-thirds vote and amend the Constitution? ... It bothers me that we would amend the Constitution."

Both McFadden and former San Francisco Mayor Willie Brown, who spoke in support of

PG&E, argued that requiring a two-thirds vote did not create an insurmountable barrier for public power projects.

"Prop. 16 ensures that where any local government envisions taking over and running a utility, you go to the voters, lay out your case and prove you can do it," Brown said.

Doubts about votes

Opponents replied that California's requirement that the state budget pass with a two-thirds vote in the legislature had paralyzed Sacramento.

"You don't have to look anywhere but the state Capitol to see that the two-thirds vote requirement has not served the people of California well," said Mill Valley city Councilwoman Shawn Marshall, who is the vice chairwoman of Marin County's community choice aggregation effort.

The battle over Prop. 16 is just the latest skirmish in California's long fight over public power. PG&E has repeatedly beaten back attempts by various cities, including its hometown of San Francisco, to break free from the utility and enter the electricity business.

"PG&E has demonstrated many times that it can control local elections by spending excessive amounts of money," said San Francisco Supervisor Sophie Maxwell. "We're seeing that now on an unprecedented scale."

Most speakers at Wednesday's meeting opposed Prop. 16, and some staged an anti-PG&E demonstration outside. And yet the hearing was far from one-sided.

Steamrolled in Marin

Several Marin County residents told the commission that they felt steamrolled by Marin's community choice aggregation effort, which starts delivering power to its first customers in May. The forms that let residents opt out of the system and stay with PG&E are too complicated and easy to mistake for junk mail, they said.

A representative of the International Brotherhood of Electrical Workers questioned the claims of community choice supporters who say the local systems can provide a higher percentage of renewable power than PG&E at a lower cost. And Marc Burgat, vice president of government relations for the California Chamber of Commerce, said taxpayers need to be able to vote on such potentially expensive projects.

"The public deserves a public debate," he said, "and right now, that debate is not required."