

From: Bottorff, Thomas E
Sent: 3/11/2010 8:54:47 PM
To: 'Peevey, Michael R.' (MP1@cpuc.ca.gov)
Cc: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)
Bcc:
Subject: Bakersfield Calif, KGET17 - Municipal Utility Vote Set for November

Mike,

I wanted you to be aware of the proposal I made in Bakersfield to eliminate Tiers 4 and 5 and introduce a \$3 dollar monthly customer charge. The Kern County Board agreed to support it, but I know TURN and others will be strongly opposed. We plan on filing this as part of GRC Phase 2 application on March 22.

Tom

Municipal utility vote set for November

By James Burger, The Bakersfield Californian

The Bakersfield Californian, 10 March 2010

Mar. 10--Kern County voters will be asked in November whether they want to get their power from someone other than Pacific Gas & Electric Co.

PG&E Senior Vice President Tom Bottorff told Kern County supervisors there was no need to put that advisory measure on the ballot.

He said PG&E stands ready to give Kern County customers real, immediate relief from an unfair rate structure by asking the California Public Utilities Commission to eliminate the top two tiers in the company's five-tier rate system.

But supervisors blasted the utility for offering to pursue rate relief while planning to spend \$36 million to pass Proposition 16 -- which would raise the ratio of voters needed to create a municipal utility district from half to two-thirds.

"They are taking our dollars -- to the tune of \$36 million -- and funding an initiative that makes it more difficult for us to take our destiny into our own hands," Supervisor Michael Rubio said.

"The proposition is undefendable," Supervisor Jon McQuiston said.

Supervisors voted to put an "advisory" measure on the ballot in November that would essentially ask voters if the county should try to dump PG&E and find another source of power.

Last week supervisors were much more definitive about what they wanted. They voted to hold a non-binding advisory vote in June to see if voters wanted to create a publicly run municipal utility district.

On Tuesday they moved the vote back to November and left the issue of what alternatives to

PG&E the county should pursue up to their staff to investigate.

Those alternatives could include pursuing a municipal utility district, a relationship with another utility company or an arrangement in which PG&E would deliver power purchased by the county on the open market to local residents.

Rubio said the board wants county staff to investigate all the options, determine the strengths and weaknesses of each approach and bring the options back to the board so it can choose which option the voters will opine on in November.

Supervisor Ray Watson initially opposed the idea of an advisory vote.

"We are about to expend \$126,000 of taxpayer dollars to put an issue on the ballot," Watson said. "All the things that need to be done can be done without a vote of the people. There is no doubt that the public is 100 percent behind us. The question is, 'How hard do we need to push PG&E?'"

But he voted for the measure after Rubio agreed to move the vote from June to November.

RATE DEBATE

Even people in PG&E's top brass admit the current five-tier rate structure is broken.

Bottorff said PG&E customers who can keep their power bill in tier two effectively receive a discount on the cost to generate and deliver that power.

Customers who use power in tiers three, four and five pay to make up the difference for those bottom tier users.

He called that a subsidy.

Supervisors agreed.

"No one likes to say they have an ugly baby. This is an ugly child. And it's yours," McQuiston told Bottorff.

But Bottorff said there is no data to prove that local payments lower bills in more temperate climates and more affluent communities.

During the meeting, Supervisor Mike Maggard thanked Bottorff for being willing to meet with the board publicly and take the considerable heat being dished out.

"I wish I was as well-trained as you at staying on message. You're very good at that," Maggard said.

But he also said the delicate debate over who subsidies whom misses the point.

"You can say it as carefully as you want," Maggard told Bottorff. "In my layman's terms, the bottom line is we pay for other people's power bills and that's not fair."

COLLAPSE

Supervisors didn't shun PG&E completely.

They agreed to back PG&E's plan to ask the California Public Utilities Commission to "collapse" tiers three, four and five into a single tier and add a \$3 flat fee on all users to ease the price increases the move would place on tier three users.

Kern County Taxpayers Executive Director Michael Turnipseed, who sparked discussion of unfair rates at last week's supervisors meeting and made the initial claims that Kern County was subsidizing the rest of the state, said he thinks the PG&E proposal may make a difference.

"I can support where they're going," he said. "That's not the whole journey but it's a good step to get there,"

Turnipseed said the proposal would drop power costs for top tier users from 49 cents a kilowatt hour to 30 cents a kilowatt hour by 2011.

But PG&E customers who traditionally do not exceed tier three power allowances will see higher prices for each kilowatt hour they spend, Bottorff said.

Currently customers pay 28 cents per kilowatt hour of power used in tier three, according to rate schedules on the PG&E website.

But despite the universal support for PG&E's plan here in Kern County, Bottorff acknowledged there are other people in the state who will oppose the collapse of top tier rates.

High electricity rates were instituted to promote power conservation, he said. Some people want to make sure consumers still feel the price pinch when they use a large amount of power, Bottorff said.

But he called Tuesday's meeting a success. Kern County supervisors and citizens backed PG&E's proposal to take changes to the tier structure to the CPUC.

"The main goal of today was achieved," he said.