

From: Simon, Timothy A.  
Sent: 5/13/2012 9:20:29 PM  
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)  
Cc:  
Bcc:  
Subject: Fwd: Grow House Energy Tax Could Be On November Ballot - May 12, 2012  
In Quebec. FYI !

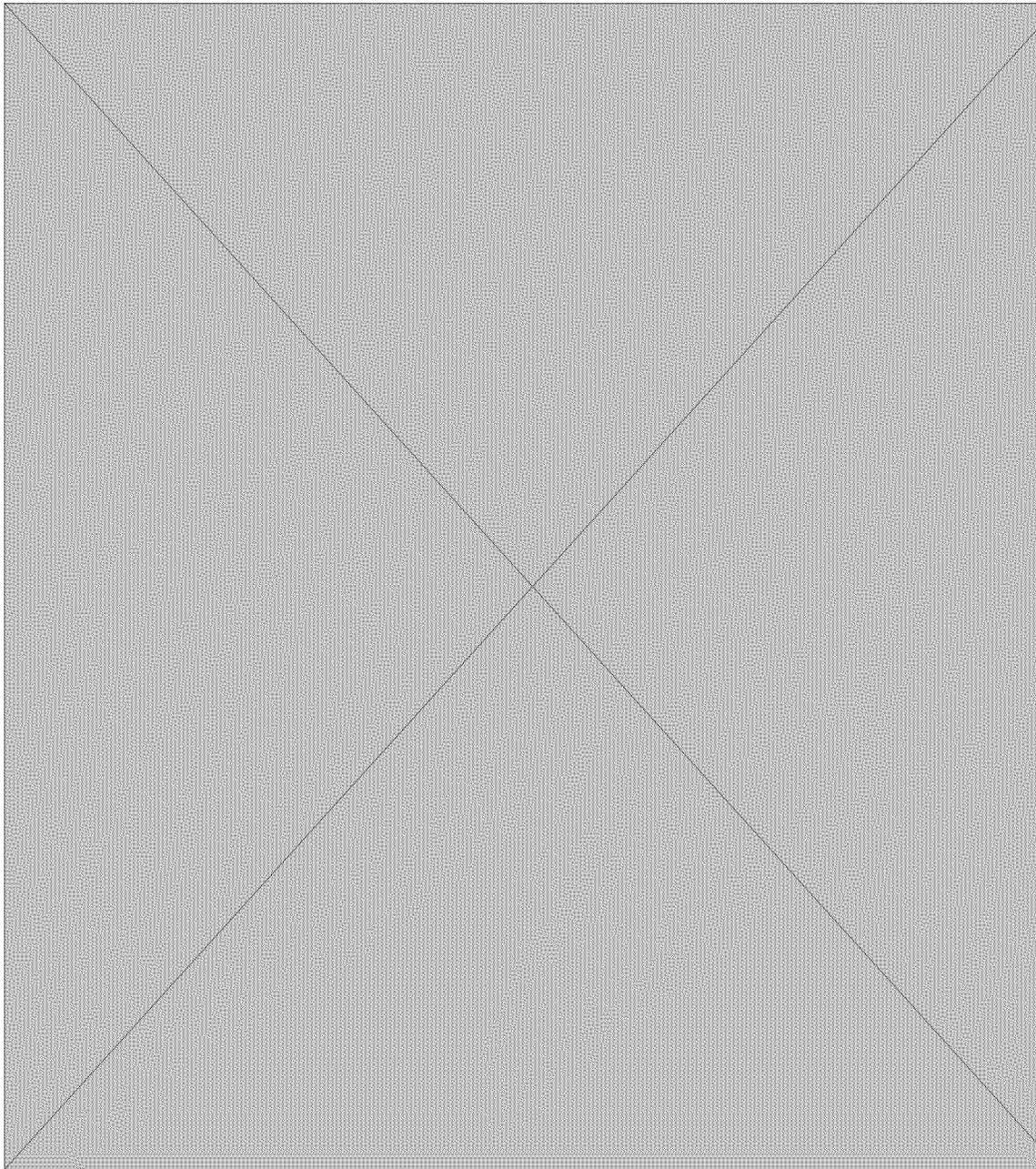
Timothy Alan Simon  
Commissioner California Public Utilities Commission  
Chairman, NARUC Committee on Gas

Begin forwarded message:

**From:** "Momoh, Rahmon O." <[rahmon.momoh@cpuc.ca.gov](mailto:rahmon.momoh@cpuc.ca.gov)>  
**Date:** May 13, 2012 8:57:03 PM PDT  
**To:** "Fortune, Hazlyn" <[hazlyn.fortune@cpuc.ca.gov](mailto:hazlyn.fortune@cpuc.ca.gov)>, "Kim, Kimberly" <[kimberly.kim@cpuc.ca.gov](mailto:kimberly.kim@cpuc.ca.gov)>  
**Cc:** "Clinton, Jeanne" <[jeanne.clinton@cpuc.ca.gov](mailto:jeanne.clinton@cpuc.ca.gov)>  
**Subject:** **Grow House Energy Tax Could Be On November Ballot - May 12, 2012**

**I stumbled on this article in the Arcata (Humboldt County) press:**

Saturday, May 12, 2012



A March 14 cannabis haul at a Lewis Avenue whole-house grow included 232 pounds of harvested, trimmed and processed pot and about an ounce of hashish which had been grown under 27 lights and ballasts. Arcata Police said the house consumed 14,000 kilowatts of electricity per month – nearly 30 times the average residential household usage. The resident had enrolled in the California Alternate Rates for Energy (CARE) Program, which cut the electricity bill in half. All of the voluminous contraband and equipment was loaded into APD's cannabis caboose, above, to be booked into evidence. Photos by KLH | Eye

**Kevin L. Hoover**

## Eye Editor

ARCATA – A tax on excessive residential energy use could wind up on the November ballot. As presently conceived, the tax would be levied against homes which use more than 300 percent of the baseline usage.

The rate could be somewhere between five and 15 cents per kilowatt hour over the baseline.

Figures from 2009 indicate that some 1,200 of the more than 7,000 Arcata residences exceed the baseline rate. Had a tax been in place that year, the City could have generated \$2 million in revenue.

The City's Energy Committee will consider the matter in depth in a public meeting Monday, May 21. The committee has been discussing the matter for years out of concern that extraordinary electricity consumption, largely by illegal grow houses, is offsetting energy conservation gains and negating Arcata's greenhouse gas reduction efforts.

Between 200 and 2006, electricity usage in Arcata increased 30 percent or more than nine million kilowatt hours, a per capita increase of 24 percent. This while conservation efforts elsewhere in California have kept electricity usage fairly constant over the last 30 years.

Along with much-needed tax revenue for strained City coffers, stated goals of the proposed tax are reduction in energy use and "development of funding strategy to implement projects which could offset the environmental effects from the increase in residential energy usage."

Implementing the tax would incur costs. PG&E estimates a \$500,000 to \$800,000 cost for implementing billing based on usage instead of residential, commercial or industrial classification and to charge a different rate to a subset of customers. Placing the measure on the ballot would cost between \$10,000 and \$12,000.

The City is concerned about unintended consequences of the tax. Some home medical equipment, for example, can consume extraordinary amounts of electricity.

Another question is whether or not the tax would include participants in PG&E's CARE program for low-income customers. The program is exploited by industrial cannabis growers, whose illegal income is not reported, and amounts to a subsidy for the illegal manufacturing activity.

Excluding CARE customers, many of whom use the program legitimately, would cut revenue roughly in half.

The revenue projections were based on 2009 data, which could be out of date. Updated figures were expected from PG&E this week.

The figure of 1,200 houses exceeding baseline energy use (500 of which are on the CARE program) is similar to estimates made by law enforcement in 2007. At that time, 700 to 1,000 Arcata residences were considered to harbor illegal grows – a figure hotly contested by some cannabis advocates.

The council vote to pursue the matter was 4–0, with Councilmember Susan Ornelas absent.

The City will mount a vigorous public education program to help ensure participation in whatever decision is made. “We really want public input at this stage in the process,” said Deputy Environmental Services Director Karen Diemer.

The Energy Committee is will consider the matter at its Monday, May 21 public meeting. Recommendations developed at that meeting could shape the council’s final decision. Below, the Energy Committee agenda.

## ENERGY COMMITTEE AGENDA

COUNCIL CHAMBER MONDAY MAY 21, 2012

736 F STREET, ARCATA 5:30 P.M.

Special accommodations for the disabled who attend City meetings can be made in

advance by contacting the City Clerk at 822-5953. Assistive listening devices are

available.

I. ROLL CALL – Ruthanne Cecil, Melanie Faust, Mike Kowalski, Nate McKeever,

Gwelen Paliaga, James Robinson, Jim Zoellick

II. Approval of Minutes – March 19, 2012 and April 23, 2012

## III. ORAL COMMUNICATIONS

This item is provided for people to address the Committee on matters not on the

agenda. At the conclusion of all oral communications, the Committee will respond to statements. Any requests that require action will be set by the Committee to a future agenda, or will be referred to staff.

#### IV. OLD BUSINESS

A. Make Recommendation to City Council on High Energy Use Tax (60 minutes)

B. Make Recommendation to City Council on Community Choice Aggregation

(30 minutes)

#### V. NEW BUSINESS

A. Develop Quality of Life Indicators (10 minutes)

#### VI. STAFF REPORTS

A. Redwood Coast Energy Authority Update (10 minutes)

B. Energy Efficiency Community Block Grants (EECBG) Project Update and New

Project Discussion (10 minutes)

#### VII. COMMITTEE COMMUNICATIONS (5 minutes)

#### VIII. FUTURE AGENDA ITEMS

Transportation Safety/Energy Committees joint sub-committee

research & blue print framework

Electric Vehicle Procurement for City Fleet

Arcata Forest Fund/Plan It Green conference planning

Biomass and Greenhouse Gas Generation

Collaboration with City of Eureka Energy Committee on items of

mutual interest (ex. CCA etc.)

## IX. ADJOURNMENT