



CITY OF OAKLAND  
CITY COUNCIL

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OAKLAND  
10 MAR -4 PM 3:20

## LEGISLATIVE ANALYST MEMORANDUM

**To:** Rules and Legislation Committee  
**From:** Alice Glasner, Legislative Analyst  
**Date:** March 18, 2010  
**Re:** Resolution regarding Proposition 16

### SUMMARY

Proposition 16 on the June 8, 2010 ballot, would amend the California Constitution to prohibit any local government agency (including cities, special districts, agencies and joint power authorities) from using any public funds or incurring any indebtedness (such as through municipal bonds) to establish or expand electricity delivery service, or to implement a plan to become an aggregate electricity provider, without two-thirds voter majority in the local government jurisdiction and the service territory.

### BACKGROUND

In California, investor owned utilities (private utilities) provide electricity for about 68% of the state, whereas public utilities and electric service providers<sup>1</sup> furnish 24% and 8%, respectively. Many communities in California, large and small, north and south, operate their own public power utilities, and have done so for decades. Public electricity providers have different governmental structures. They may be city departments, as in Santa Clara or Palo Alto, or they may be municipal utility districts (Sacramento), irrigation districts (Modesto and Turlock), or public utility districts (Truckee Donner). These public utilities have the ability to buy electricity on the open market and to also own their own electricity sources. Because of State Legislation passed in 2002, local governments have the ability to form a different mechanism, called a community choice aggregator (CCA), which can buy electricity directly from wholesalers but may continue using the same transmission and distribution system own by the private utility. Marin County will start delivering power in May 2010 under this structure.

Several local governments and public utilities are concerned that the proposed constitutional amendment could impact the ability of public, not-for-profit utilities to conduct day to day operations effectively because it is worded so broadly. Starting new electricity service, within or outside of the existing service territory could require an election. All expenditures and borrowing (public utilities do not use any funds besides public funds) could be subject to supermajority votes. Public utilities fear

<sup>1</sup> ESPs provide direct electricity service to customers who have chosen not to receive service from the private or public utility in their area. There are currently eighteen registered ESPs, providing electricity to commercial or industrial customers.

that their normal operations, which include upgrades to equipment and investments in cleaner power for state regulatory compliance would be severely hampered if the proposition is passed.

Pacific Gas and Electric appears to be the sole sponsor of this proposed amendment to the California Constitution. According to California's Secretary of State, Pacific Gas and Electric Company has publicly declared its campaign contribution of \$15,500,000, but will spend up to \$35 million.<sup>23</sup> City and County governments and public utilities are prohibited from spending money in political campaigns, but may vote to endorse or oppose a ballot proposition.

## FISCAL IMPACTS

An analysis from the State Legislative Analyst Office, a non-partisan office, reports that election-related costs associated with this Initiative would be relatively minor, but that requiring a two-thirds voter majority to make operational decisions could deter communities from starting up new CCAs or making operational decisions which could be interpreted as being a service expansion or spending public money (See Exhibit B). The Legislative Analyst does not speculate what the net fiscal effect would be, but does note that costs and revenues of public utility operations could be affected; these effects could be felt statewide.

Today, many public utilities offer their customers electricity rates that are below those of the private utilities. These same public utilities are concerned about decreased competition in the marketplace, a chilling effect on operations, and the potential impact of increased electricity costs on residents and future economic development. Lack of market competition could also affect electricity prices in geographic areas served by private utilities, such as Oakland. Residents, businesses and city facilities purchase electricity from Pacific Gas and Electric.

## POLICY DISCUSSION

Since the 1990s, the City of Oakland has sought ways to reduce conventional energy consumption and/ or fuel emissions on many fronts. The City has retrofitted city buildings and lighting to improve energy efficiency, increased miles of bicycle lanes, introduced one megawatt of solar capacity onto facilities, hosted the Oil Independent Oakland Task Force, supported Transit Village development adjacent to BART stations, sponsored the local Food Policy Council, made great strides to reduce solid waste, incorporated alternative fuel vehicles into its fleet, and dedicated funds to explore Community Choice Aggregation. In addition, the City of Oakland created an energy conserving- job creating strategy to capture federal stimulus dollars, in which weatherizing homes in low income communities is a central focus.

Opposing Proposition 16 would be consistent with the City's sustainability policies and goals. The Oakland City Council recently adopted a greenhouse gas reduction target of 36% below 2005 levels, and staff is working on the City's Climate Action Plan. Oakland will need a diverse pool of options to

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<sup>2</sup> The following contains those records required for California campaign contributions-- <http://cal-access.sos.ca.gov/Campaign/Committees/Detail.aspx?id=1318623&session=2009&view=late1>

<sup>3</sup> <http://www.businessweek.com/news/2010-02-19/pg-e-expects-to-spend-up-to-35-million-on-ballot-initiative.html>. As of 2/26/10, the State shows PG&E campaign contributions of \$15.5 million.

reach its 36% goal. Proposition 16 could have the effect of reducing renewable energy innovation statewide (State legislators believe the PG&E's proposal threatens progress in this area; see Exhibit C), eliminating a community choice aggregation option for Oakland, and could have an unknown impact on the future cost of electricity for residents, businesses, and green job development.

### **ORGANIZATIONS SUPPORTING PROPOSITION 16**

None other than Pacific Gas and Electric have been identified

### **ORGANIZATIONS OPPOSING PROPOSITION 16**

Government agencies and organizations that have been verified to date:

California League of Cities	City of Lodi
California Municipal Utilities Association	City of Roseville
League of Women Voters	City of Sebastopol
City of Palo Alto	County of Marin
City of Santa Clara	Modesto Irrigation District
City of Redding	Sierra Club
City of Glendale	Sacramento Bee
City and County of San Francisco	
City of Berkeley	
City of Burbank	

### **RECOMMENDATION**

A resolution opposing Proposition 16 should be adopted as soon as possible to bring it and its implications to the attention of Oakland voters.

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OAKLAND

2010 MAR -4 PM 4:02

# OAKLAND CITY COUNCIL

RESOLUTION No. \_\_\_\_\_ C.M.S.

Introduced by Councilmember Nadel

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**Resolution Opposing Proposition 16, Which Would Amend the California Constitution to Require a Two-Thirds Voter Majority for a Local Government or Public Utility to Use Public Funds to Start Up or Expand Electricity Service, or to Create a Community Choice Aggregator**

**WHEREAS**, the proposed amendment to the California Constitution would require a two-thirds voter majority before public utilities may use public funds to start up or expand service, or create a community choice aggregator; and

**WHEREAS**, the primary sponsor for the proposition is Pacific Gas and Electric, an Investor Owned Utility; and

**WHEREAS**, the Initiative, if passed, could bring economic uncertainties to existing public utilities throughout the State of California, jeopardizing many cost effective, reliable, and environmentally responsible utilities; and

**WHEREAS**, the proposed restrictions on existing public utilities and additional barriers for the creation of new public electricity providers could reduce future market competition and result in electricity rate hikes; and

**WHEREAS**, many residents and small businesses in Oakland are particularly vulnerable to increasing electricity rates and PG&E rates are already higher than many California utilities; and

**WHEREAS**, the Initiative if passed, could eliminate Oakland's ability to choose an electricity supply strategy that could dramatically reduce its greenhouse gas emissions while creating local green jobs; and now, therefore be it

**RESOLVED**, that the Oakland City Council supports maintaining the right of public, not-for-profit utilities to continue to exist and grow, providing clean choices and fair rates to customers, and be it further

**RESOLVED**, that the Oakland City Council strongly opposes a "New Two-Thirds Vote Requirement for Local Public Electricity Providers" because it would be against the interest of California's electricity ratepayers, against the public interest, and a potential setback for reducing greenhouse gas emissions and local job creation.

DRAFT

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 20\_\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:** BROOKS, DE LA FUENTE, KAPLAN KERNIGHAN, NADEL,  
QUAN, REID, and PRESIDENT BRUNNER

NOES-

ABSENT-

ABSTENTION-

ATTEST \_\_\_\_\_

LaTonda Simmons  
City Clerk and Clerk of the Council,  
City of Oakland, California

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OAKLAND

2010 MAR -4 PM 4:01

EXHIBIT A

May 28, 2009

09-0015

VIA PERSONAL DELIVERY

The Honorable Edmund G. Brown, Jr.  
Attorney General  
1300 I Street  
Sacramento, CA 95814

RECEIVED

JUN 01 2009

INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

Attention: Krystal Paris, Initiative Coordinator

Re: Request for Title and Summary- Initiative Constitutional Amendment

Dear Mr. Brown:

Pursuant to Article II, Section 10(d) of the California Constitution and Section 9002 of the Elections Code, I hereby request that a title and summary be prepared for the attached initiative entitled "The Taxpayers Right to Vote Act" as provided by law. Included with this submission is the required proponent affidavit signed by myself as proponent of this measure pursuant to section 9608 of the California Elections Code. My address as a registered voter is provided and attached to this letter, along with a check for \$200.00.

All inquiries or correspondence relative to this initiative should be directed to Nielsen, Merksamer, Parrinello, Mueller & Naylor, LLP, 1415 L Street, Suite 1200, Sacramento, CA 95814, (916) 446-6752, Attention: Steve Lucas (telephone: 415/389-6800).

Thank you for your assistance.

Sincerely,

Robert Lee Pence, Proponent

Enclosure: Proposed Initiative

## Section 1. FINDINGS AND DECLARATIONS

09 - 0015

The People do find and declare:

A. This initiative shall be known as "The Taxpayers Right to Vote Act."

B. California law requires two-thirds voter approval for tax increases for specific purposes.

C. The politicians in local governments should be held to the same standard before using public funds, borrowing, issuing bonds guaranteed by ratepayers or taxpayers, or obtaining other debt or financing to start or expand electric delivery service, or to implement a plan to become an aggregate electricity provider.

D. Local governments often start or expand electric delivery service, or implement a plan to become an aggregate electricity provider, without approval by a vote of the people.

E. Frequently the start-up, expansion, or implementation plan requires either construction or acquisition of facilities or other services necessary to deliver the electric service, to be paid for with public funds, borrowing, bonds guaranteed by ratepayers or taxpayers, or other debt or financing.

F. The source of the public funds, borrowing, debt, and bond financing is generally the electricity rates charged to ratepayers as well as surcharges or taxes imposed on taxpayers.

G. Such use of public funds and many forms of borrowing, debt or financing do not presently require approval by a vote of the people, and where a vote is required, only a majority vote may be required.

## Section 2. STATEMENT OF PURPOSE

A. The purpose of this initiative is to guarantee to ratepayers and taxpayers the right to vote any time a local government seeks to use public funds, public debt, bonds or liability, or taxes or other financing to start or

expand electric delivery service to a new territory or new customers, or to implement a plan to become an aggregate electricity provider.

B. If the start-up or expansion requires the construction or acquisition of facilities or services that will be paid for with public funds, or financed through bonds to be paid for or guaranteed by ratepayers or taxpayers, or to be paid for by other forms of public expenditure, borrowing, liability or debt, then two-thirds of the voters in the territory being served and two-thirds of the voters in the territory to be served, voting at an election, must approve the expenditure, borrowing, liability or debt. Also, if the implementation of a plan to become an aggregate electricity provider requires the use of public funds, or financing through bonds guaranteed by ratepayers or taxpayers, or other forms of public expenditure, borrowing, liability or debt, then two-thirds of the voters in the jurisdiction, voting at an election, must approve the expenditure, borrowing, liability or debt.

Section 3. Section 9.5 is added to Article XI of the California Constitution to read:

Sec. 9.5.

- (a) Except as provided in subdivision (h), no local government shall, at any time, incur any bonded or other indebtedness or liability in any manner or use any public funds for the construction or acquisition of facilities, works, goods, commodities, products or services to establish or expand electric delivery service, or to implement a plan to become an aggregate electricity provider, without the assent of two-thirds of the voters within the jurisdiction of the local government and two-thirds of the voters within the territory to be served, if any, voting at an election to be held for the purpose of approving the use of any public funds, or incurring any liability, or incurring any bonded or other borrowing or indebtedness.
- (b) "Local government" means a municipality or municipal corporation, a municipal utility district, a public utility district, an irrigation district, a city, including a charter city, a county, a city and county, a district, a special district, an agency, or a joint powers authority that includes one or more of these entities.



- (c) "Electric delivery service" means (1) transmission of electric power directly to retail end-use customers, (2) distribution of electric power to customers for resale or directly to retail end-use customers, or (3) sale of electric power to retail end-use customers.
- (d) "Expand electric delivery service" does not include (1) electric delivery service within the existing jurisdictional boundaries of a local government that is the sole electric delivery service provider within those boundaries, or (2) continuing to provide electric delivery service to customers already receiving electric delivery service from the local government prior to the enactment of this section.
- (e) "A plan to become an aggregate electricity provider" means a plan by a local government to provide community choice aggregation services or to replace the authorized local public utility in whole or in part for electric delivery service to any retail electricity customers within its jurisdiction.
- (f) "Public funds" means, without limitation, any taxes, funds, cash, income, equity, assets, proceeds of bonds or other financing or borrowing, or rates paid by ratepayers. "Public funds" do not include federal funds.
- (g) "Bonded or other indebtedness or liability" means, without limitation, any borrowing, bond, note, guarantee or other indebtedness, liability or obligation, direct or indirect, of any kind, contingent or otherwise, or use of any indebtedness, liability or obligation for reimbursement of any moneys expended from taxes, cash, income, equity, assets, contributions by ratepayers, the treasury of the local government or other sources.
- (h) This section shall not apply to any bonded or other indebtedness or liability or use of public funds that (1) has been approved by the voters within the jurisdiction of the local government and within the territory to be served, if any, prior to the enactment of this section; or (2) is solely for the purpose of purchasing, providing or supplying renewable electricity from biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, small hydroelectric generation of 30 megawatts or less, digester gas, municipal solid waste conversion, landfill gas, ocean wave, ocean thermal, or tidal

current, or providing electric delivery service for the local government's own end use and not for electric delivery service to others.

#### Section 4. Conflicting Measures

A. This initiative is intended to be comprehensive. It is the intent of the People that in the event that this initiative and another initiative relating to the same subject appear on the same statewide election ballot, the provisions of the other initiative or initiatives are deemed to be in conflict with this initiative. In the event this initiative shall receive the greater number of affirmative votes, the provisions of this initiative shall prevail in their entirety, and all provisions of the other initiative or initiatives shall be null and void.

B. If this initiative is approved by voters but superseded by law or by any other conflicting ballot initiative approved by the voters at the same election, and the conflicting law or ballot initiative is later held invalid, this initiative shall be self-executing and given full force of law.

#### Section 5. Severability

The provisions of this initiative are severable. If any provision of this initiative or its application is held to be invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

**Proposition 16**  
**New Two-Thirds Vote Requirement for Local Public Electricity**  
**Providers. Initiative Constitutional Amendment.**

## **BACKGROUND**

### **Provision of Electricity Service in California**

*California Electricity Providers.* Californians generally receive their electricity service from one of three types of providers: investor-owned utilities (IOUs), local publicly owned electric utilities, or electric service providers (ESPs). These provide 68 percent, 24 percent, and 8 percent, respectively, of retail electricity service in the state.

*Investor-Owned Utilities.* The IOUs are owned by private investors and provide electricity service for profit. The three largest electricity IOUs in the state are Pacific Gas and Electric (PG&E), Southern California Edison, and San Diego Gas and Electric. Each IOU has a unique, defined geographic service area and is required by law to serve customers in that area. The California Public Utilities Commission (CPUC) regulates the rates charged by IOUs and how they provide electricity service to their customers.

*Publicly Owned Utilities.* Publicly owned electric utilities are public entities that provide electricity service to residents and businesses in their local area. While not regulated by CPUC, publicly owned electric utilities are governed by locally elected boards which set their own terms of service, including the rates charged to their customers. Electricity service is currently provided by local governments through several different governmental structures authorized under state law, including:

- Utility departments of cities, such as the Los Angeles Department of Water and Power.
- Municipal utility districts, such as the Sacramento Municipal Utility District (SMUD).
- Public utility districts, such as the Truckee Donner Public Utility District.
- Irrigation districts, such as the Imperial Irrigation District.

*Electric Service Providers.* The ESPs provide electricity to customers who have chosen not to receive electricity from the IOU or publicly owned utility that would otherwise serve their geographic area. Under this approach, an electricity customer enters into what is termed a "direct access" contract with an ESP that delivers electricity to the customer through the local utility's transmission and distribution system.

## **The Creation and Expansion of Publicly Provided Electricity Services**

*Community Choice Aggregation.* In addition to the ESP arrangements discussed above, state law allows a city or a county, or a combination of the two, to arrange to provide electricity within their jurisdiction through a contract with an electricity provider other than the IOU that would otherwise serve that local area. This is referred to as "community choice aggregation." Although only one community choice aggregator (CCA) currently exists to provide electricity in California, several communities are exploring this option. A CCA could get its electricity from an ESP, using the transmission and distribution system of the IOU serving that local area. Electricity customers within that area would automatically get their electricity from the CCA unless they elected to continue to receive service from the IOU.

*Proposals to Create and Expand Public Electricity Providers.* In recent years, a limited number of local governments in the state have explored the idea of creating new public providers of electricity or expanding publicly owned utilities into new territory currently served by an IOU. For example, the City and County of San Francisco has considered creating a CCA that would include territory currently served by PG&E. As another example, Yolo County explored having SMUD provide electricity service to territory within the county currently served by PG&E. In some cases, these proposals have been put before the voters for their approval, under provisions of state law discussed below.

*Voter Approval Requirements for Publicly Owned Electricity Providers.* As noted above, publicly owned utilities can be organized under several different types of government structures. Each type of local government entity that is authorized to provide electricity service, and that is considering either the start-up of electricity service or the expansion of existing service beyond its current service area, is subject to certain state requirements.

Various statutes specify whether voter approval is required for the *start-up* of electricity service by authorized local government entities. Under state law, if a local government intends to *expand* its electricity service into a new territory, that new area must be annexed and, in certain cases, a majority of the voters in the area proposed for annexation must approve the expansion. In such cases, however, no vote of the public is generally required within the existing service territory of the local governmental entity that is proposing the expansion. (In some cases, a local commission requires such a vote as a condition of approving the annexation.) In contrast, local agency action to *create and begin implementation of a CCA* may be undertaken upon a vote of the local agency governing board and does not require local voter approval.

## **PROPOSAL**

The measure places new voter approval requirements on local governments before they can use "public funds"—defined broadly in the measure to include tax revenues,

various forms of debt, and ratepayer funds—to start up electricity service, expand electricity service into a new territory, or implement a CCA.

- First, before an authorized local government entity can start up electricity service, it must receive approval by two-thirds of the voters in the area proposed to be served.
- Second, before an existing publicly owned utility can expand its electric delivery service into a new territory, it must receive approval by two-thirds of the voters in the area currently served by the utility and two-thirds of the voters in the new area proposed to be served.
- Third, the measure requires two-thirds voter approval for a local government to implement a CCA.

The measure provides three exemptions to local governments from these voter approval requirements:

- If the use of public funds has been previously approved by the voters both within the existing local jurisdiction and the territory proposed for expansion.
- If the public funds would be used solely to purchase, provide, or supply specified types of electricity from renewable sources, such as wind or solar power.
- If the public funds would be used only to provide electric delivery service for the local government's own use.

## **FISCAL EFFECTS**

*Local Administrative Costs for Elections.* Because this measure requires voter approval for specified local government actions that can currently be accomplished without such votes, it would result in additional elections costs. These costs would primarily be related to preparing and mailing election-related materials. In most cases, the balloting could be consolidated with already scheduled elections. As a result, the increased election-related costs due to this measure would probably be minor.

*Potential Impact on State and Local Government Costs and Revenues.* This measure could affect local government costs and revenues due to its potential effects on the operation of publicly owned utilities and CCAs. It could also affect the finances of state and local government agencies in California because of its potential impact on electricity rates. These effects would largely depend upon future actions of voters and local governments. We discuss these potential effects in more detail below.

First, the new public voter approval requirements for the start-up or expansion of publicly owned utilities or the implementation of CCAs could result in public disapproval of such changes. Also, the existence of these new voter approval requirements could deter some local government agencies from proceeding with such

plans. To the extent that this occurred, these local government agencies would be somewhat smaller in size and have fewer customers than would otherwise be the case. As a result, they would have lower total revenues and costs.

Second, the enactment of this measure could also affect the finances of state and local government agencies in California due to its potential impact on electricity rates. As noted above, some local government agencies might not start up or expand a publicly owned utility into a new territory or implement a CCA as a result of the measure's new voter approval requirements. In this event, the rates paid by electricity customers in that and neighboring jurisdictions could be higher or lower than would otherwise have been the case. For example, if this measure prevented the expansion of publicly provided electrical service that depended upon the construction of new energy infrastructure, rates might be held lower than might otherwise occur. On the other hand, if this measure lessened the competitive pressures on private electricity providers by reducing the opportunities for expansion of publicly provided electrical service, the rates charged to electricity customers might eventually be higher than otherwise. These impacts could affect state and local government costs, since many public agencies are themselves large consumers of electricity. To the extent that changes in electricity rates affect business profits, sales, and taxable income, these factors could also affect state and local tax revenues.

In the short run, the net fiscal effect of all of these factors on the finances of state and local government agencies is unlikely to be significant on a statewide basis. This is due to the relatively limited number of local government agencies considering the start-up or expansion of electricity services into new territory. In the long run, the net fiscal effect of the measure is unknown and would depend on future actions of local governments and voters.

### **Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact**

- **Fiscal Impact:** Unknown net impact on state and local government costs and revenues—unlikely to be significant in the short run—due to the measure's uncertain effects on public electricity providers and on electricity rates.

### **Yes/No Statement**

A **YES** vote on this measure means: Local governments would generally be required to receive two-thirds voter approval before they could start up electricity services or expand electricity service into a new territory.

A **NO** vote on this measure means: Local governments generally could continue to implement proposals involving the start-up or expansion of electricity service either through approval by a majority of voters or actions by governing boards.

December 22, 2009

Mr. Peter A. Darbee  
Chairman and Chief Executive Officer  
PG & E Corporation  
One Market Street, 24<sup>th</sup> Floor Spear Tower  
San Francisco, CA 94105

Dear Mr. Darbee:

We, the undersigned members of the California Legislature, write to express our concerns about a proposed ballot initiative relating to municipalization and community choice aggregation (CCA) for electric power services. PG&E Corporation, and its utility subsidiary, Pacific Gas and Electric Company, have been circulating for signatures the "New Two-Thirds Vote Requirement for Local Electricity Providers." This measure would prohibit communities from condemning utility property or pursuing CCA without two-thirds vote approval from local residents. It would place this super-majority vote requirement in the state Constitution.

We believe the initiative is misguided as a matter of public policy for several reasons. First and foremost, PG&E has equated CCA, which relates to how communities choose to obtain their power supplies, with condemnation, which involves the seizure of utility property. There is no enacted policy preference in California law regarding condemnation of utility property, but there is a policy preference for CCA.

Assembly Bill 117 (Migden) was enacted (Chapter 858, Statutes of 2002) with broad support, *including the support of your company*. This legislation prohibits utility company interference with CCA and requires utilities to "cooperate fully with any community choice aggregators that investigate, pursue, or implement community choice aggregation programs." PG&E is aware that many communities currently are examining CCA. Your efforts to erect roadblocks to communities' pursuit of CCA can be interpreted as a violation of the statute.

PG&E's willingness to use the initiative process to unwind a carefully negotiated statute *that PG&E supported* lacks the mutual respect and honor that the Legislature expects from stakeholders in the legislative process. If PG&E has recanted its support for CCA, it has an obligation to seek those revisions in the Legislature. To use the initiative

Mr. Darbee  
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process to pursue PG&E's self interests and avoid engaging your partners in the AB 117 agreement, calls into question your company's integrity.

Second, PG&E's putative reason for pursuing this initiative is to protect ratepayers with the mandate for an election and the two-thirds vote requirement. But this initiative attempts to conflate "taxpayer" with "ratepayer," even though it has nothing to do with the general fund of a municipality nor the taxpayers within it. In fact, the existing statute provides far greater protection for ratepayers because (1) it provides that every customer has the right to opt out of a CCA program; (2) it provides a detailed scheme for the review and approval of the CCA program by the California Public Utilities Commission, a constitutional body whose prerogatives are impaired by this proposed initiative; and (3) it ensures, through reporting requirements, the Legislature's oversight of public policy in this area.

Finally, we believe a crucial element of the Legislature's overwhelming support for AB 117 was the premise that CCA would provide another means for California to maintain its leadership in the development of preferred and renewable energy resources. CCA encourages willing jurisdictions to go beyond the renewable portfolio standard thresholds to provide clean energy to their citizens.

We note that PG&E, while it has taken many positive steps to advance the cause of renewable energy, today provides less renewable power as a percentage of total sales than it did when this legislation was enacted in 2002. It is unacceptable for a company that is falling behind in meeting state adopted goals for clean energy to impede the efforts of others who would attain those goals through innovative means.

We strongly urge PG&E to carefully consider our concerns and refrain from pursuing this initiative.

Sincerely,

A handwritten signature in black ink that reads "Darrell Steinberg". The signature is written in a cursive, flowing style with a large, sweeping flourish at the end.

**DARRELL STEINBERG**  
Senate President pro Tempore

**MARK LENO**  
State Senator, 3rd District

DS/ML: kd