

PG&E Shareholders Say: NO on PROPOSITION 16

It Damages PG&E's Reputation and Credibility

What is Prop 16?

If passed, Prop 16 will amend the California Constitution to require local governments to obtain 2/3 majority voter approval before issuing public financing for a local clean energy program. This is the same voting requirement that is wreaking such havoc with the state budget process. PG&E has budgeted at least **\$30 million of shareholder money** to bankroll Prop 16, and insiders believe the campaign could end up costing over \$100 million and cause huge losses in goodwill.

Why is Prop 16 Bad for PG&E Shareholders?

Prop 16 is bad because, among other things, it is likely to become a bottomless money pit. It is already damaging PG&E goodwill and relationships with local government and ratepayers. PG&E already has a huge PR problem with Smart Meters. This initiative will galvanize many groups that will organize to oppose already scheduled rate hikes.

Why You Should Oppose Proposition 16:

- **It abuses shareholder trust**

Shareholders invest in PG&E expecting the company to offer excellent service at a fair price resulting in the shared dividends of honorably-earned profit, not spending millions of dollars of shareholder money to crush competition in a way that could open them up to legal attack and potentially large monetary penalties.

- **It jeopardizes PG&E's credibility with its customers**

PG&E is dealing with huge headaches resulting from poor rollout of "smart" meters. That damaged credibility will be even more challenged when ratepayers realize the utility is trying to trick them into voting against their own best interests.

- **It damages PG&E's reputation**

PG&E is not meeting the state's mandated clean energy goals. Money spent on Prop 16 is money that could have been invested in clean energy. Voters are aware of this. Newsweek has listed PGE as the greenest investor-owned utility in the U.S. That may change when the facts emerge from this ill-conceived campaign.

- **It creates a public perception that PG&E is eliminating consumer choice**

PG&E and its shareholders have nothing to gain by angering ratepayers and elected officials.

Organizations Opposing Prop 16 (partial, for a more complete list visit www.powergrab.info)

CA Assoc. of Realtors http://www.car.org/meetings/carmeeetings/summary-of-action_items/winter2010summary

California Sierra Club <http://sanfranciscobay.sierraclub.org/yodeler/html/2005/05/feature3.htm>

CleanPowerSF <http://communitychoiceenergy.org>

Local Clean Energy Alliance <http://www.localcleanenergy.org>

Local Power Blog by CCA author Paul Fenn <http://www.localpowerrevolution.blogspot.com/>

Marin Clean Energy <http://marincleanenergy.info>

Taxpayers to Stop the PG&E Power Grab <http://www.powergrab.info>

The Sacramento Bee <http://www.sacbee.com/opinion/story/2471258.html>

The Utility Reform Network <http://www.turn.org/article.php?id=933>

Questions? Email the Local Clean Energy Alliance at stoppowergrab@gmail.com

NO on PROPOSITION 16

Resources

Join a growing coalition of concerned PG&E shareholders, citizens, communities, consumer advocates, business associations, clean energy advocates, and others to help STOP Prop 16

Articles and Editorials on Prop 16

People want relief from sky-high utility bills. The state wants to encourage power-company competition, green energy and lower rates with the Community Choice law. So, how does Pacific Gas & Electric Co. respond to these threats to its monopoly? **The utility giant bankrolls a deceptive June ballot** initiative that seeks to rewrite California's constitution, kill upstarts in their tracks and block the expansion of municipal utility companies such as the one saving money for residents of Sacramento. PG&E has thousands of conscientious, hard-working employees who contribute positively to the quality of life in their communities. But the company's leadership unquestionably lacks a moral compass.

Source: "PG&E funding Prop 16 to keep its stranglehold" *Fresno Bee* column by Bill McEwen (February 13, 2010)
<http://www.fresnobee.com/columnists/mcewen/story/1821204.html>

"PG&E knows they have unlimited funds of ratepayer and shareholder money to subsidize their fight to maintain their monopoly and their profit..." - San Francisco Supervisor Ross Mirkarimi

Source: "Community Bids to Bypass Utilities Facing Hurdles in CA" *NY Times*, Debra Kahn (1/7/10)

<http://www.nytimes.com/gwire/2010/01/07/07greenwire-community-bids-to-bypass-utilities-facing-hurdle-1763.html?pagewanted=1>

"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," Senate President Pro Tem Darrell Steinberg said in a letter to the utility. "We strongly urge PG&E to...refrain from pursuing this initiative." **PG&E has so far spent \$6.5 million** on the initiative, according to documents on the California secretary of state's website, and has signaled it is prepared to spend millions more. It says money spent on the campaign comes from shareholder dollars.

Source: "PG&E spending millions to block local utilities" *San Jose Mercury News* article by Dana Hull (January 31, 2010)

http://www.mercurynews.com/bay-area-news/ci_14296650?source=rss

In official documents, PG&E identifies its campaign finance committee as "a coalition of taxpayers, environmentalists, renewable energy, business and labor," but at this stage it's a coalition of one: PG&E. **No one else has contributed a dime**, according to the most recent campaign finance filings. By the way, PG&E claims it is so strapped for money that it is currently seeking a \$1.1-billion rate increase.

Source: "PG&E Amps up bid for Power" *Los Angeles Times* column by Michael Hiltzik (February 10, 2010)

<http://www.latimes.com/business/la-fi-hiltzik10-2010feb10,0,1802722.column>

Additional Resources

Prop 16 Analysis and Bill Text

California Legislative Analyst's Office: nonpartisan fiscal and policy analysis of PG&E initiative (7/7/09)

<http://www.lao.ca.gov/ballot/2009/090395.pdf>

Actual text of Prop. 16 Initiative filed by PG&E's representative with the Attorney General's office (5/28/09)

<http://www.powergrab.info/PG&Epowergrab.pdf>

Fact Sheet: "PG&E Ballot Initiative Factsheet" blog by John Geesman, former CA Energy Commissioner (2002-08)

<http://pgandeballotinitiativefactsheet.blogspot.com/>

Formal Letter: Letter from CA Senate President Pro Tem Darrell Steinberg & legislators to PG&E's Peter Darbee (12/22/09)

<http://www.powergrab.info/letter.pdf>

Questions? Email the Local Clean Energy Alliance at stoppowergrab@gmail.com