

County To Study Takeover Of PG&E Functions

5/5/82 By DENISE SIEBENTHAL

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County supervisors Tuesday called for a study to determine if a local government takeover of PG&E's functions would produce lower energy rates.

Supervisors also took a stand against the so-called "phantom tax" appearing on PG&E bills, asked for a study on energy conservation programs and requested the state Legislature pass a bill allowing lower energy rates in areas where conservation programs are in effect.

First (Live Oak) District Supervisor Dan Forbus and Fourth (Watsonville) District Supervisor E. Wayne Moore voted against the action.

Third (Seaside) District Supervisor Gary Patton, concerned about rising energy rates, brought the matters to the board.

In a letter to fellow supervisors, Patton refers to a study by the staff of the SolarCal Local Government Commission on Energy Conservation and Renewable Resources which shows that communities with municipal utilities have much lower energy rates than those being charged by PG&E.

Patton suggested a study on the matter, noting that while it may be cost effective for the county to produce and distribute electricity, the cost savings experienced by existing municipal utilities might not be experienced by newly-formed municipal utilities.

Moore told The Sentinel he voted against Patton's proposal because he is opposed to government ownership of any service now run by private enterprise.

"I'd rather see the profit motive be the governing factor in as many things as possible," Moore said, adding that he believes PG&E rates will be going down this summer.

Forbus said he isn't opposed to the study because he believes the study will show that it won't be financially beneficial.

Forbus said he opposes Patton's proposals because he

wants to know more about the "phantom tax" before voting against it and because he believes the board is gearing itself up to pass a retrofitting ordinance.

Forbus said he opposes such an ordinance which would require a home that is sold to be retrofitted with solar energy devices.

Forbus said he is against such an ordinance since it wouldn't be financially viable for those living in foggy areas of the county.

In his letter, Patton said that about 21 percent of the recent PG&E rate increase is attributable to the so-called "phantom tax."

The tax was levied after the passage of President Reagan's Economic Recovery Tax Act of 1981 which requires the Public Utilities Commission to charge consumers for the expense of federal taxes not being paid by PG&E.

"What is really going on is that taxes which PG&E is not actually paying, because of tax reductions made available to it, are being charged to consumers as though PG&E were paying the taxes," Patton said.

In his letter, Patton also included legislation he'd like to see passed by the state Legislature.

It would require the PUC to cancel 95 percent of the energy conservation rate charged to consumers or to return the money collected by this charge to a local government when a local conservation program is in effect.

The energy conservation rate appearing on PG&E bills helps fund conservation programs administered by PG&E.

Patton's argument, which was supported by the board majority, is that if a local government enacts its own conservation program, then this money should be returned to the local community to fund local conservation program.