A CONVERSATION ON CALIFORNIA'S CLEAN ENERGY FUTURE

Don't buy more energy

BY TONY EARLEY, CHAIRMAN & CEO, PG&E CORPORATION

A FEW YEARS BACK, clothing maker Patagonia made waves with a high-profile ad campaign telling people "Don't Buy This Jacket." As intended, the ads turned heads. After all, it's not every day a company encourages customers to buy less of what it's selling.

Unless, that is, you happen to be talking about California's utilities.

As crazy as it sounds, we're happy when customers use less energy. In fact, we'll bend over backwards to help you do it.

That's because three decades before "Don't Buy This Jacket," California had the revolutionary idea to enlist utilities in the fight for energy conservation by breaking the rules in business that usually apply to sales and profits.

For most companies, of course, lower sales usually mean lower profits and, eventually, big trouble. The idea in California was to take profits out of the equation for utilities, making them indifferent to higher or lower sales without worrying about losing money or, ultimately, going out of business.

Here's how it works: California sets gas and electric rates at a level that gives utilities enough revenue to cover their costs of doing business, plus a reasonable return for their investors. If utilities sell more energy and collect more money than expected, the rates are lowered so that the extra money goes back to their customers. If sales drop, regulators increase rates to make up for the shortfall.

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The upshot is that utilities don't make more money by selling more energy, and we don't lose money by selling less.

The hope 30 years ago was this would allow the utilities to become the state's allies in finding ways to cut energy use, reduce pollution and save money. That's exactly what's happened. Over that time, per-capita energy use in California has remained essentially flat, even as consumption has climbed by 50 percent in the rest of the nation. We've avoided building the equivalent of 24 power plants, and the reductions in greenhouse gases across PG&E's service area alone add up to 120 million tons.

California's innovative idea has produced combined energy savings for individuals and businesses that total $56 billion. The average monthly bill for PG&E's residential customers grew by less than 1 percent annually between 1994 and 2005. When adjusted for inflation, the cost actually fell, dropping by 17 percent over the course of the decade.

Those results speak for themselves. In fact, more than half the states around the country have followed California's lead and adopted the same policy. It's another way that California has helped point the way forward in transitioning to a cleaner energy economy.

For most people, though, the reality is it's still hard to believe that PG&E and the state's other utilities don't benefit financially when customers turn up the air conditioning or the thermostat. It's okay. We understand.

But if you think your PG&E bill is too high and would like to bring it down, give us a call and let us help you use less energy. Our job is to be sure that your gas and electricity get to you safely and reliably, while helping you use as little as you can. We've got lots of ideas for how to save and friendly experts to lend a hand.

When it comes to building the best possible future for California, we're all on the same side. And that's the real bottom line.

PG&E Customer Relationship Manager Rebecca Weber works with customers to help them reduce energy consumption and cut their energy costs.

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