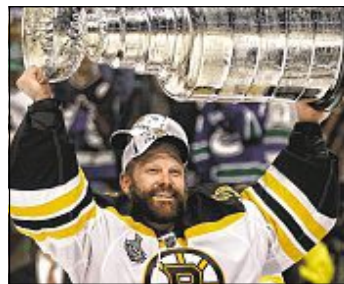
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The Desert Sun

THURSDAY, JUNE 16, 2011

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Gas, electricity rates could be on the rise



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1973 N PALM CANYON DR PALMSPRG, CA	Apr 5 '11 to May 4 '11	GS-2	\$1,681.98
1973 N PALM CANYON DR PALMSPRG, CA	May 4 '11 to Jun 3 '11	GS-2	\$1,933.60
			\$6,806.06

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MICHAEL SNYDER THE DESERT SUN
Rick Seidner is owner of Rick's Restaurant and Rick's Desert Grill, both in Palm Springs. He says he spends a total of about \$6,000 a month on electricity at his two restaurants during the summer.

Residents, advocates balk at utilities' proposed hikes

BY KEITH MATHENY
The Desert Sun

Many valley renters, home- and business-owners may face a one-two punch next year with both Southern California Edison and Southern California Gas Co. seeking rate increases.

Edison is requesting that the California Public Utilities Commission approve a rate hike that would equal nearly \$9 a month more on the average Coachella Valley electric bill.

Edison's request amounts to a 7.2 percent increase in 2012, with increases of 1.3 percent and 4.35 percent the two following years, said Russ Worden, the utility's director of rate cases.

A ratepayer advocacy group, however, calculates Edison's requested increase at about 17.5 percent next year.

The Gas Co., a division of Sempra Energy that provides natural gas throughout the Coachella Valley, is seeking a \$308 million, 7 percent increase in its rates next year.

The increase, if approved, would raise monthly bills by \$3.35 for an average residential customer.

With the effects of the recession lingering in the valley, the utilities' rate hike plans are weighing heavily on some customers.

"From a business point of view, I'm sick of it," said

Please see RATES, A6

CALIFORNIA LEGISLATURE

**RICH PEDRONCELLI THE ASSOCIATED PRESS**
State Sen. Bill Emmerson, a Hemet Republican, listens to the debate over a Democratic state budget plan at the Capitol in Sacramento on Wednesday.

Democrats pass budget, but plan likely to change

BY KEVIN YAMAMURA AND TOREY VAN OOT
McClatchy Newspapers

SACRAMENTO — Facing a constitutional deadline and threat of pay forfeiture, legislative Democrats sent California Gov. Jerry Brown a rare on-time budget Wednesday filled with spending cuts, higher fees and borrowing.

While Republicans continue to reject Brown's tax proposals, the Democratic plan squeezes the governor from the other side of the aisle as he must now decide whether to veto a package from his own party.

Democrats said they reluctantly passed their budget, calling it an "imperfect" solution necessary to meet the deadline without GOP support. Though Democrats already imposed deep cuts in higher education and the safety net, Wednesday's plan to bridge the last \$9.6 billion included several revenue maneuvers recycled from past years — things Brown had said he didn't want to do.

"This is indeed a very sobering moment in that this is not our choice of budget, but it is what we can do without

Please see BUDGET, A2

Ritz-Carlton hoping for extension approval today

BY BLAKE HERZOG
The Desert Sun

Owners of the shuttered Ritz-Carlton in Rancho Mirage should find out today whether they'll get an extension on a financial assistance agreement from the city.

The luxury hotel, closed since 2006 for renovations that came to a halt in 2008 when lender Lehman Brothers went under, has a deal with Rancho Mirage under which the city agreed to loan the project up to \$20 million in transient occupancy tax revenue.

The most recent version of this operating covenant requires the Ritz-Carlton to open its doors by June 30. That

clearly won't happen, with construction suspended at about 80 percent completion.

Ritz-Carlton lawyer Emily Hemphill said in a letter to Mayor Dana Hobart dated Tuesday the owners hope to close the construction loan currently under negotiation in September, adding, "Once that loan is closed, we will be restarting construction as quickly as possible, with the goal being to have the hotel open in June 2012."

She asks the council to extend the deadline to an Oct. 31 loan closing date and a Dec. 31, 2012, hotel opening date. The council will discuss the matter at its

Please see HOTEL, A6

Economic partnership focuses on making valley competitive

BY DEBRA GRUSZECKI
The Desert Sun

Austin. Denver. Seattle.

What do they have that California doesn't? New jobs.

Lt. Gov. Gavin Newsom made that clear after a jaunt to Austin with a 10-member legislative delegation where they learned that Texas had created 165,000 jobs over the past three years while California

bled more than 1.1 million.

"Texas has been competing for jobs for years. California has not," the Coachella Valley Economic Partnership's chief executive Thomas Flavin said at the group's annual investors meeting Wednesday at UC Riverside's Graduate Center in Palm Desert.

Working to make matters worse in what's been described as a tumbleweed economy are:

- Rankings from Brookings, Forbes, Milken and others that gave only one California city — San Diego — a berth in the Top 100 places to do business.
- Florida Gov. Rick Scott's call to take on Texas by eliminating job-killing regulations.
- "It is this kind of competitive attitude we, in the Coachella Valley, really need to emulate," Flavin said.
- That does not mean the partnership

isn't tilling the fields, Flavin said.

Investors said they have completed 177 tasks on the to-do list to diversify the economy and create new jobs.

Among them:

- Flavin was hired out of Seattle.
- A program has been put in place to help college-bound students qualify for financial aid, bolstering the \$1.5 million scholarship program.
- Rabobank dedicated \$250,000 for

Unemployment rates

National: 9.1 percent
California: 11.9 percent
Riverside County: 13.5 percent
Coachella Valley: 12.3 percent

CVEP's regional business center and innovation hub in Palm Springs.

- The 2011-14 business plan was adopted in March, along with criteria

Please see CVEP, A6

INTODAY'S PAPER

U.S. role in Libya

Under pressure, White House insists it's within its legal rights to wage war in Libya without explicit authorization from Congress. **A3**

Advice	D5	Lottery	B8
Bridge	E5	Movies	D5
Classified	E1-6	Obituaries	B7-8
Comics	D4	Opinion	B9
Crossword	E4	Weather	B10

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COMINGSUNDAY



Daughter, dad sing same tune

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RATES: PUC to hold public hearings June 23

Continued from A1

Rick Seidner, owner of two restaurants in Palm Springs, Rick's Restaurant and Rick's Desert Grill.

"Here we are in a recession. Everybody's lost business to the point where they are just trying to operate and get by. And now the utilities, like always, want to raise your prices," he said.

Seidner said he spends a total of about \$6,000 a month on electricity at his two restaurants during the summer. His gas bill runs about \$1,300 a month.

The Public Utilities Commission's Division of Ratepayer Advocates, an independent consumer division of the regulator, has slammed what it described as Edison's "bloated cost estimates" and called for the commission to reduce the requested increase by 80 percent.

Valley residents can speak on Edison's rate proposal at two hearings scheduled by the Public Utilities Commission for noon and 5 p.m. Thursday, June 23, at

Make your voice heard

The California Public Utilities Commission will hold two local public participation hearings on Southern California Edison's proposed increase from 2012 to 2014, which totals \$4.6 billion by one ratepayer advocacy group's calculation.

The hearings are at noon and 5 p.m. Thursday, June 23, at Palm Springs City Hall council chambers, 3200 E. Tahquitz Canyon Way.

Those who wish to speak are encouraged to arrive at least 15 minutes before the start of the hearing to sign up.

Proposed rate increases by the Southern California Edison Co. will not be discussed at these hearings, but will likely be scheduled for hearings later in the year.

Palm Springs City Hall council chambers, 3200 E. Tahquitz Canyon Way.

The Gas Co.'s proposed increase is not up for discussion at these forums, and will likely be discussed publicly at forums later in the year.

Southern California Edison is one of the nation's largest electric utilities, providing electricity to more than 14 million people in a 50,000-square-mile area of Central and Southern Califor-

nia, excluding Los Angeles and certain other cities.

It provides electricity to most of the Coachella Valley west of Washington Street.

The rate case is a projection Edison submits to the Public Utilities Commission every three years, projecting costs it expects to incur and requesting permission to set its rates accordingly.

Edison and ratepayer advocacy groups don't even agree on

the size of the utility's request: Edison characterizes it as \$1.4 billion over the next three years; the Division of Ratepayer Advocates puts it at \$4.62 billion over currently authorized levels, saying the utility isn't properly accounting for sales growth and revenue requirements for its deployment of smart meters.

Another consumer advocacy group, TURN, The Utility Reform Network, says the increase will be about \$3.6 billion through 2014.

By Edison's count, it seeks approval for an \$828 million revenue increase next year, up 7.2 percent. That will equal \$3 to \$9 more per month on the average Edison customer's bill, though closer to the high number for the Coachella Valley because it uses more energy, Worden said.

"The money is to maintain our ability to continue to provide reliable service for our customers," he said.

The Division of Ratepayer Advocates recommends a far lower increase for Edison next year of

\$92 million, said Clayton Tang, program and project manager for the division.

"We don't think they have made their case in many areas," he said. "We're just forecasting lower levels of expenses."

TURN also questioned Edison's revenue increase request.

"They have asked for \$1 billion on software spending over the next five years — it's just a very high expense," said TURN executive director Mark W. Toney.

"Over a half-billion dollars for additional administrative costs we think is really high. They've doubled their administrative costs over the past decade."

Worden said the technology investment is required to ensure system integrity and prevent cyberattacks as Edison increasingly uses automated systems.

The administrative cost increases are caused by "an accounting artifact," and do not indicate a big increase in the number of administrators behind desks, he said.

As the economy continues to languish, raising electricity rates affects renters, homeowners, small businesses, industries and agriculture, Toney said.

"(Edison) comes into these rate hearings, we believe, with an attitude of, 'What is the most we can possibly get away with asking for?'" Toney said. "We wish they would say, 'What's the least we can ask for? We're trying to act in the public interest.'"

Worden said Edison does work to minimize its rate hike requests, knowing they are "difficult for people."

"We have to make these investments," he said. "If we delay, if we procrastinate and do not do the work, the work is going to pile up, and ultimately the system is not going to be as reliable as it is today."

Public comments from the June 23 hearing will be added to the information considered by the Public Utilities Commission, which is expected to make its decision on Edison's rate hike request later this year.

HOTEL: Delivered 20% of city's TOT

Continued from A1

meeting today.

City Attorney Steve Quintanilla said he will recommend that the loan deadline be extended into October.

Hemphill said in her letter that if the agreement is allowed to lapse, "a critical part of the financing package will be missing from the lender's standpoint, and such an occurrence would certainly slow down our financing process if not endanger its success."

The Ritz-Carlton opened in Rancho Mirage in 1988, and became the Lodge in Rancho Mirage in 2001, before it was purchased by the group which is turning it back into a Ritz.

While it was open, the hotel delivered \$1 million or more in transient occupancy taxes annually, or about 20 percent of

the city's total, so city officials are eager to see it open again.

Councilman Scott Hines said Wednesday he would make a statement at the meeting about whether he will vote on the covenant.

Earlier this year Hines, representing his own firm, pitched bonds backed by life settlements to the Ritz. He told The Desert Sun he had a clause in his contract barring him from making any money on deals involving Rancho Mirage, to avoid breaking conflict-of-interest laws.

The council meeting starts 1 p.m. today at City Hall, 69-925 Highway 111.

The council is also scheduled to adopt fiscal 2011-12 budgets of \$34.5 million for city operations, \$47.7 million for the redevelopment agency, \$2.8 million for the library fund and \$5.7 million for the housing fund.



OMAR ORNELAS THE DESERT SUN

The Ritz-Carlton opened in Rancho Mirage in 1988, became the Lodge in Rancho Mirage in 2001, and has since been purchased by the group that is turning it back into a Ritz.

CVEP: Plan for iHUB is moving forward

Continued from A1

for measuring job creation goals.

Clifford Daniels, immediate past chairman of the partnership, said he's most proud of the strong coalition that's been sustained by cities across the Coachella Valley.

"Everyone is pushing the rock in the same direction," he said.

"There is tremendous momentum," said Don Perry, who on Wednesday assumed the chairman post of the public/private executive board. "It is going to be doing some very profound things in the next couple of years."

Going forward, the partnership rolled out its campaign to:

- Raise \$500,000 to operate Rabobank Regional Business Center.

- Mobilize partnership members, the valley's nine cities, tribes, and educational and medical institutions to obtain greater private-sector involvement.

- Continue to align education with economic development strategies in health care, clean tech, creative arts, logistics, agri-business and tourism.

- Focus on specific projects from Jacqueline Cochrane Regional Airport and Thermal Motorsports Park to Travertine Point, the Salton Sea, and ports of Los Angeles and Long Beach.

Wesley Ahlgren, operations director for the partnership, said an operations plan for the iHUB is moving forward.

"We plan to use 100 percent private funds to build the facility," Ahlgren said.

The iHUB is one of 12 approved by the state.

"We hope to incubate and graduate 50 companies focused on clean tech in five years."

"The game plan going forward will be to compete, compete, compete," Flavin said.

"If we do this, Sacramento won't have to go to Austin to find job clusters. They can come to the Coachella Valley."

Debra Gruszcki covers tourism, CVEP and Indian gaming for The Desert Sun. She can be reached at Debra.Gruszcki@thedesertsun.com or (760) 778-4643.

Executive board officers, 2011-12

- Don Perry, KPSP-Local 2 TV, chairman

- Tom Davis, planning director, Agua Caliente Band of Cahuilla Indians' vice chairman

- Dr. Rick Axelrod, Lifestream, secretary

- Keith Goff, Rabobank, treasurer

- Clifford Daniels, immediate past chair



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Vitality Series

June Calendar of Events

6/20 Tai Chi Tai Chi Education and Resource Inst.
11am-12pm
Three classes introduce this gentle movement exercise designed to improve balance and help relieve stress. Ability to stand unassisted for a minimum of one hour and moderate balance is required. Wear comfortable clothing and flexible shoes. Class size is limited.

6/22 Cardio/Sculpt Presented by Gold's Gym
11am-12pm
A low impact exercise program, which incorporates the optional use of resistance bands, reduces stress and teaches relaxation techniques. Ability to stand unassisted for a minimum of one hour and moderate balance is required. Wear comfortable clothing and flexible shoes. Class size is limited.

6/27 Laughing Yoga - Guru Yogi Ramesh
10am-11am
During the "Celebrate Life with Laughter" workshop you will experience a renewed sense of balance for the heart, body and mind through a never before revealed 5,000 year old science of Self-Healing through Oxygen and Laughter Therapy.

6/28 Chair Yoga Lakshmi Voelker Chair Yoga
10am-11am
By using a chair, modified yoga postures and breathing techniques you will be introduced to a yoga session that offers you both health and fitness benefits. This innovative fitness approach makes chair yoga programs suitable for any age group. Bring a set of 1-2 lb. weights.

6/29 Journaling for Beginners and Cowards
1pm-3pm Tammy Coia's Memoir Writing Workshop
This workshop will explore the various aspects of why journaling is a fantastic tool to personal growth and enhancing your creativity.

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