



December 7, 2020

San Diego City Council
City Administration Building
202 C Street
San Diego, CA 92101

RE: Reject Mayor Faulconer's Franchise Agreements proposal and craft a better deal

Dear Mayor-elect, Councilmembers and Councilmembers-elect,

On behalf of the organizations signed below, we urge you to oppose Mayor Faulconer's electric and gas Franchise Agreements proposal, and take the time to craft a better deal for San Diego families and businesses.

San Diego Gas & Electric (SDG&E) has the highest rates of any utility in California, and some of the highest rates in the nation. These high rates hurt working and low income families most, especially during the COVID-19 pandemic and economic recession.

Worse, SDG&E burdens San Diego families with these high rates in order to collect extraordinary profits from the privilege of using our streets, amassing \$1 million a day in profit. Even more egregious, the franchise fee SDG&E pays the City to use our public streets is paid for directly by working families, not the utility or their shareholders. The fees are a pass through cost, allowing SDG&E rent-free access to City property from which they accumulate massive profits, paid for by San Diego families and small businesses..

While ratepayers are fleeced, SDG&E has routinely violated the terms of the existing contracts. The utility's violations force the City to pursue litigation repeatedly because the contract provides no mechanism to ensure accountability or penalties for noncompliance. Wasting millions in taxpayer dollars on trying to win compliance is an expensive and ineffective process that benefits only one party: the executives and shareholders of SDG&E.

Although there is universal agreement that the 1970 franchise agreements are obsolete and serve SDG&E over the public good, outgoing Mayor Faulconer has inexplicably proposed that SDG&E continue to gouge San Diego taxpayers for another 20 years. Adding further insult, the Mayor initially proposed that a new agreement should permit the City's "Right to Purchase" of the electric and gas lines—a key recommendation from the City's expert energy consultant to level the playing field by giving the City options and leverage. Mayor Faulconer, however, removed that critical clause in his latest proposal, without input from the Council or the public.

This cannot stand.

It is imperative that the City secure a one-year extension and pursue a robust public process that determines the best path forward to protect ratepayers, protect city interests and fully decarbonize our energy system. Whether by partnering with a private utility or pursuing public power, the goal must remain the same: zero emissions and a just transition from fossil fuels.

While it is unfortunate that SDG&E does not want to cooperate with the City on an extension that will allow them to continue to profit \$1 million a day at no cost to SDG&E, the California Public Utilities Commission and the City Attorney have made clear SDG&E has an obligation to serve, and there is ample time for the new Mayor and Council to get up to speed and not rush this process.

We urge you to negotiate a one-year extension so the City and community can work together to design an energy future that ensures affordable rates, protects workers and union jobs, and makes us climate ready and climate safe.

Please, do not allow the City to sign another bad real estate deal.

Sincerely,

Jim Mahler,
President
AFT Local 1931

Sam Mezzeo,
Partner
Better, APC

Kyle Heiskala,
Interim Executive Director
BikeSD

Mikey Knab,
Board Chair
Business for Good

Laura Ann Fernea,
Executive Director
City Heights CDC

Craig Rose,
**Citizens Franchise
Alliance**

Suzanne Hume,
Founder & Educational
Director
Clean Earth 4 Kids

Matthew Vasilakis,
Co-Director of Policy
**Climate Action
Campaign**

Tara Hammond,
Manager
Climate Hub

Matt O'Malley,
Executive Director
Coastkeeper San Diego

Cody Harrison,
Beyond Sustainability
Specialist
Corona Enterprises

Pamela Heatherington,
Board of Directors
ECO San Diego

Monica De La Cruz,
Climate Justice Policy
Advocate
**Environmental Health
Coalition**

Benjamin Eichert,
Director
Greenpower

Justin Hammond,
Co-Founder
**Hammond Climate
Solutions**

Sister Maria Muhammad,
Program Director
I Am Green

Diana Ross,
Executive Director
MidCity-CAN

Ramla Sahid,
Executive Director
**Partnership for the
Advancement of New
Americans**

Mikey Knab,
Director of Operations
**Ponce's Mexican
Restaurant**

Sonja Robinson,
Steering Committee Chair
Public Power San Diego

Joyce Lane,
Co-Chair Public Policy
Team
SanDiego350

Maleeka Marsden,
Chair
**San Diego Green New
Deal Alliance**

Jim Miller,
**San Diego Labor,
Environmental &
Community Coalition**

Eddie Price,
Founder & CEO
**San Diego Urban
Sustainability Coalition**

Richard Miller,
Chapter Director
Sierra Club San Diego

Dave Rosenfeld,
Executive Director
Solar Rights Alliance

Connor Franklin Rey,
Partnerships Coordinator
**Sunrise Movement
San Diego**

Laura Walsh,
Policy Coordinator
**Surfrider Foundation
San Diego County
Chapter**

Meshate Mengistu (Mimi),
Community Health
Coordinator
**United Women of East
Africa**

Brooke Donner,
Representative
UPTE Local 9