

April 19, 2023

Chairman Jeff Kavar and Members of the Franchise Compliance Review Committee
City of San Diego

By Email c/o: Megan Ong, mong@san.diego.gov

Subject: Undergrounding of Electric Facilities Issues
Agenda Item V, April 19, 2023

Chairman Kavar and Franchise Compliance Review Committee Members:

I am submitting these comments and questions for your consideration of the undergrounding program. Some of these issues are not necessarily for just the Transportation Department but also for the Sustainability and Mobility Department consideration, since they are charged with the transitions and programs necessary to accomplish our Climate Action Plan goals. Collaboration of those two departments will be very important.

As shown in the presentation slides, the surcharge funds are collected by SDGE and transmitted to the City.

- What portion of these funds which have been paid for by City customers are considered assets of SDGE which then become a part of their rate base for computing rates and rate of return to SDGE?

The City is working to have greater control of the design and in some cases the contracting and direct expenditure of those funds.

- Who makes the decisions on the capabilities needed for the undergrounding system?
- If the City determines that it wants to create a municipal utility, how will these assets be considered in valuations for acquisition? Will the citizens of San Diego pay for them three times -- through the surcharges on their bills to construct, in their bills as part of SDGE's rate base calculations for monthly bills and then to purchase them from SDGE ?

Regarding the capabilities of the underground system:

- If every home and business and commercial and municipal facility in San Diego converts from methane gas appliances and applications to electricity, and installs electric vehicle charging all dependent on electric power provided through the existing transmission and distribution system, will the underground facilities now installed and those being designed and installed be capable of supporting that electrical load?
- If the City were to promote the expansion of roof top and storage on municipal facilities and in residential and commercial neighborhoods to the full potential that has been identified while

it is promoting the electrification of all buildings and electric vehicle charging in those areas, will the underground facilities now installed and those planned to be installed be capable of supporting such a system?

COST PER MILE and costs of undergrounding utilities:

The committee should be made aware of the cost per mile and other issues identified by the City Auditor previously and those that the City has previously challenged regarding the cost per mile charges submitted by SDGE and comparisons of costs to other areas of the state.

- What are the costs per mile of other utilities (both municipal, public and investor owned utilities) operating in California compared with the costs per mile and the overall costs per project that include the removal of the replaced older above ground utilities in the City of San Diego?

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