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**Attachments:** [power-san-diego-overview\\_non-profit-electric-utility.pdf](#)

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Submitted on Wed, 05/08/2024 - 17:01

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**BOARD OR COMMISSION:**

Franchise Compliance Review Committee

**MEETING DATE:**

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[https://enewspaper.sandiegouniontribune.com/infinity/article\\_popover\\_share.aspx?guid=6af163bf-9f7a-4f3c-af5e-ed049138f03e&share=true](https://enewspaper.sandiegouniontribune.com/infinity/article_popover_share.aspx?guid=6af163bf-9f7a-4f3c-af5e-ed049138f03e&share=true)

SDG&E Q1 profits drop \$35M

However, Sempra's overall earnings are buoyed by Texas boom

By Rob Nikolewski

San Diego-based Fortune 500 energy company Sempra released its first quarter financial figures Tuesday and filings with the U.S. Securities and Exchange Commission and it showed San Diego Gas & Electric earned \$223 million in the first three months of the year.

That's \$35 million less than the first quarter of 2023 when SDG&E profits came to \$258 million.

As part of a slide presentation with Wall Street analysts, the company attributed lower earnings of its Sempra California division — which includes SDG&E and Los Angeles-based Southern California Gas — to higher net interest expenses, lower operating margins set by the California Public Utilities Commission, reduced income tax benefits and other factors.

Overall, Sempra Chief Executive Officer Jeffrey Martin said the first quarter "sets us up well to provide strong financial performance for 2024."

Critics of SDG&E took aim at the utility's earnings, even though they were lower than in the first quarter of last year.

“We’re just paying a tremendous amount of profit to SDG&E,” said Bill Powers, chair of the Power San Diego Campaign that seeks to oust SDG&E and replace it with a municipally run electric utility within the city limits of San Diego. “That’s driving all sorts of infrastructure projects that we wouldn’t be building if we didn’t have that shareholder-focused profit motive in the middle.”

The Power San Diego Campaign is trying to gather enough signatures from voters to place the question on the ballot this November.

For the second consecutive quarter, SDG&E’s earnings were combined with those of SoCalGas in Sempra’s news release. The quarterly figures for each utility were available in a separate link as part of the 10-K report Sempra submitted to the SEC.

Powers accused Sempra of “hiding the ball on SDG&E profits” with the new format, but company officials have denied that, saying that combining SDG&E and SoCalGas numbers into a single segment is a matter of simplicity given “the geographic and regulatory overlays between the two companies.”

As a whole, Sempra posted \$854 million in adjusted earnings in the first quarter, down 7.4 percent compared to profits in the first three months of 2023.

However, the company’s utilities division in Texas, led by Dallas-based Oncor, posted healthy returns of \$193 million. That’s up from \$85 million in Q1 2023. (PLEASE USE LINK TO READ COMPLETE ARTICLE)

ATTACHMENTS:

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[https://www.sandiego.gov/system/files/webform/webform\\_1030632/37798/power-san-diego-overview\\_non-profit-electric-utility.pdf](https://www.sandiego.gov/system/files/webform/webform_1030632/37798/power-san-diego-overview_non-profit-electric-utility.pdf)

# Power San Diego

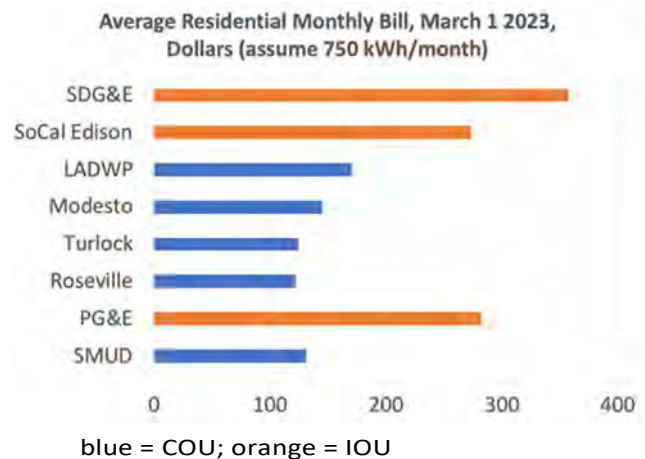
**LOWER COST • LOCAL • RELIABLE • CLEAN**

## Controlling Our Energy Future

San Diego has a compelling alternative to our high electric rates: Creating a non-profit, consumer-owned utility, the **Power San Diego Company**.

Consumer-owned utilities (COUs) serve one in three U.S. households nationwide. COUs like the proposed Power San Diego charge customers substantially less than investor-owned utilities (IOUs) like San Diego Gas & Electric (SDGE) on average. Consumer-owned utilities are also more reliable, with fewer and shorter outages. They keep rates lower by not having to generate shareholder profits, not building needless poles and wires to drive those profits, and not sanctioning exorbitant executive pay.

California's existing COUs serve 40 jurisdictions, from Sacramento to Imperial County. San Diego's for-profit, investor-owned utility SDGE charges residential customers almost three times (3x) more than the non-profit Sacramento Municipal Utility District (SMUD). **In fact, if SDGE charged the same rates as SMUD, the average SDGE customer would save about \$2,700/yr.**



## What is Power San Diego?

**Power San Diego is a growing coalition of San Diegans, ratepayers, energy experts, business, faith, and climate activists who are committed to creating a consumer-owned utility that meets San Diego's needs.**

The local electric grid, the poles, wires, and substations in our neighborhoods, is key to San Diego's energy future. The City's mandate is to reach 100 percent clean electricity by 2035, and full decarbonization by 2045. **We must substitute renewable electricity** for natural gas, gasoline and other fossil fuels. Converting much of our heating and transportation to electricity may nearly double our need for electric power.

Meeting this challenge with a conventional approach, using remote solar and wind power delivered over new transmission lines, would require SDGE transmission investments of \$8 to \$10 billion, SDGE would finance these upgrades expensively, adding their profits and their corporate taxes to our ballooning monthly bills. SDGE customers pay by far the highest transmission charges in the state. Power San Diego would focus on is developing local clean power resources to minimize these high and rising transmission charges. The choice is ours: We can be captive customers of SDGE, or save money while investing in better service and a more rapid, equitable shift to clean energy.

<https://powersandiego.us>

Mail checks to: Power San Diego, Attn: Stephanie D Sanchez, 3288 Adams Avenue, No. 16713, San Diego, CA 92176

## A San Diego Utility Owned by San Diegans

Here's the deal: As a SDGE customer, you essentially rent the grid by paying your bill. Under U.S. laws, you pay not only for your distant landlord's costs, but also for their taxes, high interest rates, and guaranteed double-digit profits.

We already pay the highest rates in the state!

**STOP SDGE  
RATE HIKES!**

**By buying the grid through the creation of a consumer-owned utility, we turn our monthly bill from a high rent to a lower mortgage payment.**

The Power San Diego Company will pay SDGE a fair price, with no tax money or state bonds. Power San Diego will issue its own bonds, borrowing at low rates against the bills we all pay. By financing the purchase with revenue bonds, the City's finances will not be exposed to any new debt. Like all consumer-owned utilities, **it will be independent—not City run!**

As a COU, Power San Diego will prioritize development of local clean energy resources. This will drive down power costs by eliminating the high transmission “cost of delivery” charged by SDGE on every kilowatt-hour that flows over the grid to San Diego customers.

## Putting San Diegans in the Driver's Seat

Power San Diego will be run by an independent, not-for-profit board, with five **appointed and voting members** and a nine-member community advisory council. They will answer to us, their San Diego customers—not to faceless investors with a sole focus on extracting maximum profits. Qualified professionals will operate the Power San Diego Company. The board will select management and operations teams to do what counts: keep our bills low and our lights on. **Everyone can have a voice** in Power San Diego decisions.

## Power San Diego is a Win-Win

**San Diego will continue to receive the same amount of income from electric power service.** Power San Diego will match or exceed what SDGE pays San Diego in franchise fees.

**Workers will win.** SDGE workers will keep their jobs, contracts, seniority, and pensions as employees of Power San Diego.

**Our environment will win.** San Diegans pay the highest electric rates in the country (including Hawaii). The state forecasts that SDGE rates will rise at least another 50 percent this decade. A primary driving force behind these high and rising rates is SDGE's single-minded focus on building new, high-cost and high-profit transmission lines as the solution to expanding renewable energy and addressing fire risk (with rural wood-to-steel pole conversions and rural undergrounding).

The cost of transmission to San Diego customers is now greater than the cost of simply putting local clean energy in San Diego and eliminating the transmission cost. This will be the focus of Power San Diego: maximum clean power in the City to reduce costs, create local jobs, increase reliability, solve the climate challenge, and protect the backcountry.

Acknowledgement: OurPower Maine campaign

<https://powersandiego.us>

Mail checks to: Power San Diego, Attn: Stephanie D Sanchez, 3288 Adams Avenue, No. 16713, San Diego, CA 92176

## COMMUNITY ENERGY ACTION NETWORK

May 8, 2024

Chairman Jeff Kavar and Members of the Franchise Compliance Review Committee  
City of San Diego, c/o Sustainability and Mobility Department:

BY EMAIL: [mong@sandiego.gov](mailto:mong@sandiego.gov) and [hwerner@sandiego.gov](mailto:hwerner@sandiego.gov)

**RE: Comments on Franchise Compliance Committee May 9, 2024 Meeting Agenda Items**

Chairman Kavar and Members of the Franchise Compliance Review Committee:

I am writing on behalf of Community Energy Action Network to provide written comments for your consideration regarding the following items docketed for the Franchise Compliance Review Committee Meeting on May 9, 2024.

### **Agenda Item III. Non-Agenda Public Comment**

1. Statutory requirements for number of members of the Committee. The third seat required to be appointed by the City Council continues to remain vacant. The Franchise Agreement at Section 6. (a) and the resolution authorizing the Committee (June 2022) specify that the Committee **will** and **shall** consist of FIVE (5) members. The Committee has not been properly constituted to fulfill its assigned duties. The Mayor, City Council and City Attorney have been apprised of this deficiency in a February 13, 2023 email letter.
2. Request for improvements to the audio in video recording of Committee meetings. I have previously noted that the Zoom video meeting recordings of the Committee meetings posted to the public record website continue to be deficient in recording audio of comments made by members of the public and from staff or other parties in attendance at the meeting but “off camera” who are testifying or responding to questions from the Board. It is requested that this audio recording “mechanism by which members of the public may communicate with the Review Committee” be improved to reflect the full record of discussions and participation and testimony. Franchise Agreement and the Resolution set forth the conditions for meaningful public engagement. Such engagement is seriously jeopardized when the video and audio public record is not of sufficient quality that the public can understand what is said by whom.
3. It is my understanding that the Committee has requested additional information regarding the Community Energy Action Network (CEAN) for which I have submitted written comments to the Committee. CEAN was originally incorporated to promote renewable energy alternatives to nuclear power and remotely sited power. I represented CEAN in CPUC and federal proceedings regarding the Southwest Powerlink proposed by

SDG&E. While CEAN is no longer maintained as a 501c3 non-profit public purpose nonprofit, former members and supporters of that organization and members of other organizations including myself continue to have an interest in the promotion of local clean renewable energy solutions.

Information is shared to and between these various organizations and individuals regarding opportunities to participate in proceedings at the local, state and national level to advocate for the development of community-based renewable energy development. Previous recommendations include implementation of energy elements of the Climate Action Plan on a community plan basis. CEAN is registered with the City to receive notice of requests for proposals, invitations to bid and requests for information (RFI) regarding energy-related programs, projects or proposals.

#### **Agenda Item V. Information Item: Independent Auditor Draft Report**

The draft Final Report was only made available to the Committee and the Public this week. The items surveyed are specified by the scopes of work set forth by City Staff. Areas for compliance that have not been included in those scopes and discussed previously by the Committee could and should be addressed in the Committee report to the City Council.

#### **Agenda Item VI. Discussion Item: Franchise Compliance Review Committee Report**

The outline set forth for the Committee Report is well organized. The inclusion of Public Comment Themes and written public comments as an appendix are excellent elements

It would be helpful for the report to include the Committee's written questions and SDG&E's written responses to those questions reviewed by the Committee at previous meetings as an appendix to the report.

The May 6 draft report sections provided by Chairman Kawar includes a section on "Recommendation on Automatic Renewal of the Secondary Term" which includes a summary of several findings of the Phase 1 report of the City's Public Power Feasibility Study and conclusions based on those findings. Proponents of not-for-profit municipal utilities have critiqued the assumptions and elements of the Phase 1 study and that critique should be provided to the Committee for your review.

Specific critiques include the fact that the Phase I Report did not build on the two previous studies which were conducted for the City regarding public power options, costs and timing. The proposed Power San Diego initiative ordinance should be included in the background for this section of the Committee report.

The Power San Diego initiative ordinance proposes a not for profit municipal electric DISTRIBUTION utility, which significantly alters the cost and time necessary to replace

SDG&E ownership and operation of the distribution system in the City. The benefits to consumers in lower rates and the provision to promote locally generated solar and storage systems and other provisions to include an independent electric board of directors and a community oversight committee differ significantly from the model proposed in the Phase I report. The recommendation to pursue additional phases of study should include the Power San Diego model.

Other areas for further consideration in the report include the following topics which have previously been provided in written testimony to the Committee:

- The provisions of Section 12 (a) of the Electric Franchise Agreement should be addressed with regard to SDG&E actions and positions taken and support of organizations that have intervened in regulatory, legislative and public relations efforts that have adversely affected the City's policy objective of having electricity used in the City be generated **“to the greatest extent practicable and lawful, through local customer-controlled distributed energy resources (DER).”**
- The positions taken by SDG&E and Sempra and their funded agents or organizations on the NEM 3.0 proceedings at the CPUC and state legislation proposed or supported by SDG&E directly or indirectly that may inhibit that goal should be addressed. An example is the proposal to implement an “Income Graduated Fixed Charge” on residential ratepayers that was added to state legislation last year. The latter item has implications on funding of public purpose programs and other programs included in the Energy Cooperation Agreement and has been identified as a serious threat to the continued expansion of roof top solar and other DER initiatives.

The positions on CPUC NEM 3.0 proceedings taken by SDG&E and the “Joint IOUs” (Investor Owned Utilities) is in contravention to the position taken officially by the City Council . NEM 3.0 City SD Resolution 2021.11.15 – R – 313783 (provided previously).

An additional topic for consideration include SDG&E promotion of a regional decarbonization plan that proposes heavy investment in transmission facilities to import remotely generated electric power versus investments in “local customer-controlled distributed energy resources”

Please let me know if you have any specific questions regarding the items and issues outlined and thank for your follow up questions and your service on this Committee.

Sincerely,

- S -

Jay Powell, Principal, Cooperations – In the Public Interest, for the Common Good

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SOLARSD / FACRC Written Testimony for 050924 mtg