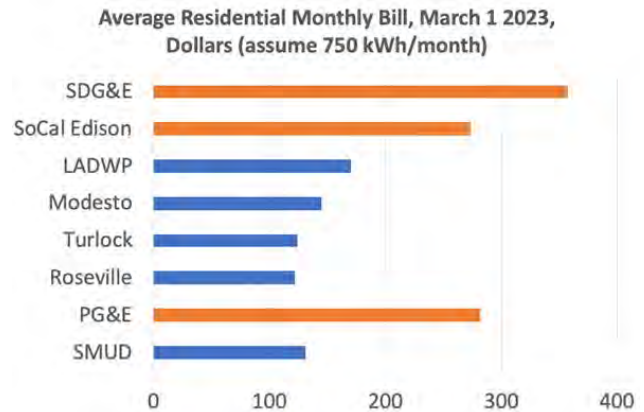




There are 46 existing publicly-owned electric utilities (POU) in California, from Sacramento to Imperial County. San Diego’s for-profit, investor-owned utility (IOU) SDGE charges customers almost three times the rate of Sacramento Municipal Utility District (SMUD). Publicly-owned electric utilities in California have consistently lower rates than IOUs, as shown in the rate comparison chart.



blue: POU; orange: IOU

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 can best meet these targets with local clean power sources.

Meeting this challenge with the preferred SDGE approach, a reliance on remote solar and wind power, will require new SDGE transmission capacity costing \$10 to \$12 billion.² This will add yet more SDGE profits and corporate taxes (which we pay) to our ballooning bills. SDGE customers now pay by far the highest transmission charges in the state.

Power San Diego will achieve an immediate 20 rate reduction by eliminating profits and taxes. Further reductions will be achieved over time by (1) stabilizing rates and (2) maximizing development of local solar and battery storage to avoid transmission charges. Rates will decline quickly relative to SDGE, due principally to SDGE rate increases. See Figure 1.

2. Lowering Rates and Protecting the City’s Finances

Power San Diego will pay SDGE a fair price for the electric distribution grid, with no use of tax money or City funds to do so. Power San Diego will be self-financed by customer revenue. It will issue its own revenue bonds. By financing the purchase with revenue bonds, the City’s finances will not be exposed to any new debt. The cost to repay the bond will be small compared to the savings realized immediately by converting to a not-for-profit structure.

Power San Diego will prioritize development of local clean energy resources. The goal is to substantially displace all imported power with local solar and battery storage within ten years. This will drive down power costs by eliminating: 1) the high transmission “cost of delivery” charged by SDGE on every kilowatt-hour that flows over the grid to San Diego customers, and 2) the burden of exit fees and capacity charges imposed on the imported power supply.

² CPUC Application(s) A.22-05-015, -016 (SDGE/SoCalGas General Rate Case), Prepared Direct Testimony of Bill Powers, P.E., March 27, 2023, pp. 6-7. Estimated total California investor-owned utility (IOU) transmission investment to reach full decarbonization = ~\$120 billion. SDGE is ~10% of California IOU load. Estimated proportionate SDGE transmission investment = 0.10 x \$120 billion = ~\$12 billion.



3. Putting San Diegan's in the Driver's Seat

Power San Diego will be governed by an independent, not-for-profit Electric Board, with five appointed members and a nine-member Community Oversight Committee. They will answer to their San Diego customers—not to faceless investors with a sole focus on extracting maximum profits. Qualified professionals will operate Power San Diego. The Power San Diego management and operations teams will be selected to do what counts: keep our bills low and our lights on with local clean power. Everyone can have a voice in Power San Diego decisions.

4. 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 and property taxes through payments in lieu of taxes.

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 among the highest electric rates in the country. 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 only solution to expanding renewable energy and addressing fire risk.

The cost of transmission to San Diego customers is now greater than the cost of simply putting local solar on rooftops and parking lots 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, address the climate challenge, and protect the backcountry. See Figure 2 for a visual comparison of the Power San Diego and SDGE clean energy strategies.

5. What is the level of support for the Power San Diego Initiative?

Examples of recent local press featuring the Power San Diego campaign include:

- CBS8 (San Diego), *SDG&E parent company announces nearly \$3 billion in profits in 2023*, February 27, 2024: <https://www.cbs8.com/article/news/local/sdge-parent-company-announces-nearly-3b-in-profits-in-2023/509-2e0b5f29-5901-4212-9ce3-6e7d463e7ae9>
- KPBS, *Battling over San Diego's energy future*, February 13, 2024: <https://www.kpbs.org/news/local/2024/02/13/battling-over-san-diegos-energy-future>
- CBS8 (San Diego), *Grassroots campaign kicks off to replace SDG&E as San Diego's energy provider*, Dec. 11, 2023: <https://www.cbs8.com/video/news/local/509-4ad52c7b-d1db-4b52-bd35-dcdb69e9a3f9>

The extensive reliance on volunteers, and on educating the community through almost continuous forums and presentations over many months, has resulted in a high level of



awareness among San Diegans of this campaign and the benefits of public power in San Diego. A survey sponsored by the non-profit organization Lead Locally in late February 2024 found that 60 percent of San Diegans favored the public power alternative and only 13 percent rejected it.

Our campaign base consists of over 300 volunteers who are gathering signatures and an endorsement list that includes 20 local organizations and businesses.

It is this generalized awareness and positive attitude toward public power – and frustration with high customer bills and record SDGE profits – that will enable the San Diego community to withstand the intensive negative campaign against public power that will be unleashed by SDGE when Power San Diego qualifies for the November 2024 ballot.

6. How Is San Diego Different Than Maine?

The November 2023 Maine statewide public power ballot initiative did not pass. Power San Diego is frequently asked what is different about San Diego that would avoid the same outcome. The potential advantages of the San Diego effort are described in the following paragraphs.

San Diego is an urban center with a population of 1.4 million. Organizers working out of Power San Diego's field office can reach even the most remote parts of the city in 25-30 minutes. In contrast, Maine is a state with a population of 1.4 million spread over an area 100 times greater than San Diego. However, the Maine public power initiative won a majority of the votes in the state's largest urban area, Portland. One lesson from Maine is, where proponents could concentrate their efforts in a limited geographical area, the initiative succeeded.

San Diego is a limited geographical area. The Power San Diego campaign is continuously in the news and well known to city residents. Campaign volunteers are highly visible and are gathering signatures everywhere in the city. High SDGE rates and record SDGE profits are front-line political issues in San Diego, driving support for the Power San Diego campaign.

The stage in San Diego differs in other ways as well. We have had three municipalization feasibility studies in six years in San Diego. All three found that a public electric utility would save San Diegans money. Additionally, our campaign has centered its messaging around low rates and using local clean power to lower rates further, rather than around climate or environmental issues. Our selling point is that we will save San Diegans money and that, by having local control, we will be able to make electricity supply choices that are logical and sensible for our community – specifically, the prioritization of local rooftop solar power and battery storage.

Additionally, Power San Diego staff have closely followed the Maine effort, and have learned from the challenges experienced in Maine. These lessons include the importance of: 1) getting ahead of utility counter-messaging, 2) creating thorough technical documentation, and 3) showing the community this is a well laid-out plan through our messaging, website, and continuous community education.

<https://wearepowersandiego.com/>

Figure 1. SDG&E vs. Power San Diego (PSD) Residential Rate Comparison

Resource Adequacy, Generation, and PCIA Exit Fee Held Constant

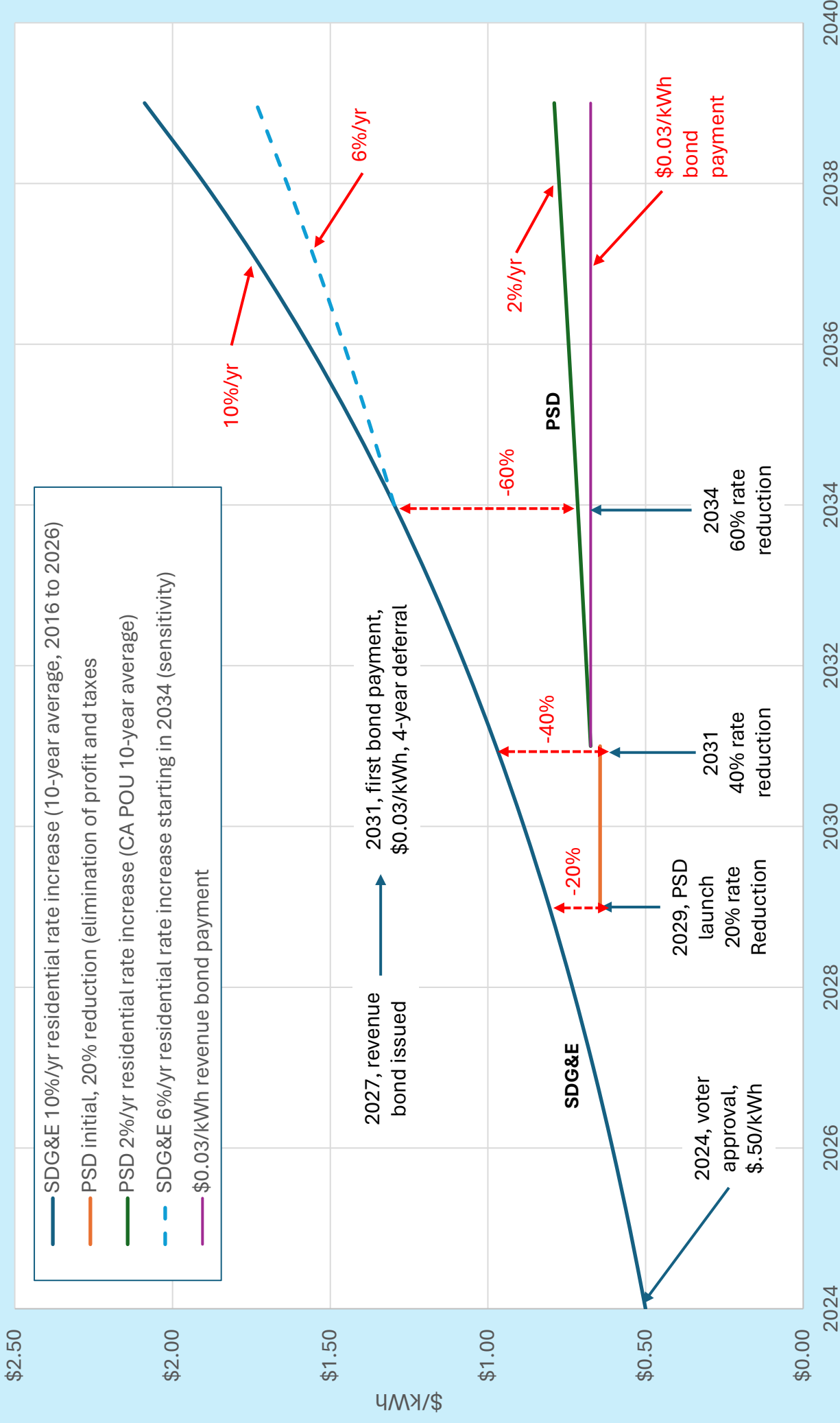


Figure 2: Cost comparison of local solar power from commercial rooftops/parking lots to remote utility-scale solar + transmission cost

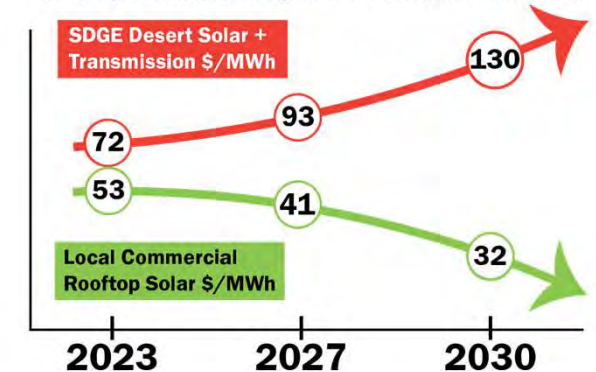
sources: 1) : CNBC, *Target looks to massive solar panels in a California parking lot as a green model to power its stores*, March 17, 2022:

<https://www.cnbc.com/2022/03/17/targets-solar-panel-carports-at-california-store-may-be-a-green-model.html>; 2) Solar Feeds, *Top 10 Biggest Solar Farms in the USA 2021*, September 13, 2021: <https://www.solarfeeds.com/mag/solar-farms-in-the-usa/>; Power San Diego comparative graphic using solar cost data from NREL 2022 Annual Technology Baseline V2, July 21, 2022 and CAISO transmission access charge trend, SDGE, 2018-2023 (with forecast cost trends projected through 2030).



Local Solar and Battery Storage Focus

With a change in focus, transmission costs are lowered and we can potentially entirely fill the decarbonization need.





Ballot Initiative: “POWER SAN DIEGO” Not-for-Profit Electric Distribution Utility

Basis: SDGE making record profits, charging among highest rates in nation and rising at 10% per year, anti-rooftop solar agenda, proposed imposition of income-graduated fixed charges, no local control

Element	Description
Purpose	Provide not-for-profit electric service at just, reasonable, and affordable prices based on a transparent cost to serve residents and by maximizing local clean energy resources - solar, battery storage, and energy conservation - in the City.
Structure	Municipal electric distribution utility established under the City Charter as an enterprise fund of the City. An enterprise fund is a self-supporting government fund that provides a service to the public for a fee.
Finance	Power San Diego will be a municipal electric distribution utility self-financed by customer revenue. It will have the power to issue municipal revenue bonds to fund its operations. There will be no impact on the City’s General Fund and no City financial responsibility for the utilities’ operations or financial liabilities.
Governance	Five-member Electric Board. Single 5-year term. Each Electric Board appointment will be competitive from among multiple candidates. Candidates meeting the qualification requirements defined in the ballot initiative will be qualified for appointment by the Mayor. Selection will be made by the drawing of lots (sortition) from among qualified candidates. Electric Board members will have specific expertise: environment/equity, public health, engineering, law, and economics. These will be part-time, paid positions.
Oversight	Nine-member appointed Community Oversight Committee (COC). Maximum of two 4-year terms. One member of the COC will be appointed from each City Council district and must live in that district.
Staff structure	Senior executives, engineering and capital planning staff, resource and grid strategy staff, control room operators, and regulatory and compliance staff will be public employees. Subject to managed competition, all other staff may be employees of qualified independent contractors selected through competitive bidding consistent with City’s managed competition requirements.
Continuity of workforce	Power San Diego will meet or exceed the wages, hours, and other terms and conditions of employment for SDGE electric distribution workers covered by the provisions of an existing collective bargaining agreement before the transition to a public electric distribution utility for ten years. Power San Diego shall maintain no less than the total number of covered workers providing electric distribution service in San Diego at the time this initiative is approved by voters.
Relationship w/San Diego Community Power (SDCP)	SDCP contracts for power supply on behalf of City residents. This power supply is delivered by SDGE to residents. Power San Diego will displace SDGE as the electric distribution utility in San Diego. Power San Diego will purchase power supply from SDCP as wholesale power. This wholesale power supply will be distributed by Power San Diego to retail customers. Power San Diego will also have authority to develop, own, and operate its own local power supply sources.