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SDG&E Threatens to Withhold Payments to San Diego

SAN DIEGO – With its effort to impose another bad franchise agreement on the City of San Diego apparently stalled, San Diego Gas & Electric is threatening to block the transfer of \$100 million in franchise fees to the City.

“SDG&E has just given San Diego another good reason to explore public power,” said Craig Rose of the Citizens Franchise Alliance.

“This is our money – from our utility bills – that SDG&E is seeking to block. The utility is a City tenant, using our land to earn billions of dollars and it wants another long-term giveaway of that property. But rather than being a good tenant amidst the pandemic, SDG&E has chosen corporate bullying.”

San Diego has alternatives, which PPSD urges the City to explore.

“The question is whether the mayor and City Council will submit to SDG&E’s bullying and lock us into decades of paying the highest rates in the continental United States, or will they will stand up for lower rates and create a strong ally in the fight against climate change?” asked Rose.

“We urge City Council members to vote “no” on any franchise deal and pursue a serious exploration of forming a non-profit, independent public utility.”

Non-profit public electric utilities across the nation charge lower rates than SDG&E and operate under collective bargaining agreements, which protect their unionized workers.

This strong-arm behavior from SDG&E is consistent with an unfortunate pattern. The local utility has refused to fulfill its contractual obligation to cooperate with the City’s critical Pure Water project, which could cost San Diegans another \$100 million. The City is suing SDG&E over this breach of contract.

Some of the funds SDG&E seeks to withhold would go to undergrounding overhead utility lines, a program that City officials say SDG&E has abused by raising the cost from an average \$4 million per mile to \$10 million or more each mile.

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SDG&E has also repeatedly sought to block the expansion of rooftop solar, a key tool in the climate battle. And they recently billed the most – by far – of any investor-owned utility in the state for installing electric vehicle charging stations. Regulators ordered an audit of SDG&E's spending after its charges exceeded the budget by more than 50 percent.

Overall, SDG&E earns \$1 million per day in profit from customers in the City of San Diego.

“The public has spoken loudly on this issue: We want a robust exploration of forming a non-profit public utility before any long-term decisions are made,” said Jerry Wanetick of Citizens Franchise Alliance.

“Public utilities charge lower rates and can be authentic partners in fighting climate change.”

SDG&E is a subsidiary of Sempra Energy, a company investing tens of billions in building infrastructure for the export of fracked natural gas.

Citizens Franchise Alliance is a group of local residents who have studied the City's utility options and concluded San Diego will be best served by an independent, non-profit public utility, with its workers represented by a labor union.