**Useful Public Power Excerpts from City’s Franchise Agreement Consultant, June 2020**

by B. Powers, April 4, 2024

Report title: JVJ Pacific Consulting, LLC, *Report to the City of San Diego concerning Electric and Gas Distribution Systems*, June 22, 2020. The JVJ report statements on municipal power feasibility are in part based on the April 2020 subcontract report by: NewGen Strategies and Solutions/Advisian/MRW, *City of San Diego Electric and Gas Franchise Agreements Consultant Report*, April 22, 2020. See: <https://www.sandiego.gov/sustainability-mobility/energy/sdge-franchise> (“Reports”).

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| **JVJ statements on municipalization (June 2020)** |
| 49- | The California Constitution, Article XI § 9 empowers all California cities to own and operate electric utilities and to sell electric power and natural gas, both within and beyond their boundaries. |
| 49 | Local governance extends to ratemaking and rate design. Neither the CPUC nor FERC have ratemaking or other general regulatory powers over a municipal electric enterprise. |
| 50 | There is no state law requirement of a vote of a city’s residents to form a municipal utility to provide electric service within a city’s boundaries. |
| 50 | Approval by the CPUC or by FERC is not required (to form a municipal electric utility).  |
| 50 | Approval by the San Diego County Local Agency Formation Commission (LAFCO) is not required for the formation of a (distribution) utility to serve within the City. |
| 54 | The purchase price assumption does not have significant effect on the cost customers would pay for EDU (Electric Distribution Utility) service. This is because EDU fixed asset costs (e.g., annual debt service) are a small portion of the total cost of service for the EDU. |
| **NewGen Strategies/Advisian/MRW subcontractor report on EDU valuation (April 2020)** |
| 1 | Scope of work: “perform a preliminary valuation of the existing electric & gas distribution infrastructure  owned by SDG&E in the City” |
| **City Charter**  |
| 104 | The Council may fix the term of each new franchise in accordance with the laws of the State of California, provided that any franchise may be terminated by ordinance whenever the City shall determine to acquire by condemnation or otherwise the property of any utility necessary for the welfare of the City, such termination to be effective upon and not before payment of the purchase price for the property to be acquired. |