

Fact Sheet: Public Power for the City of San Diego

Public Power San Diego, September 22, 2020

1. PUBLICLY-OWNED POWER UTILITIES IN CALIFORNIA AND THE U.S.

Q: Are public power utilities common in California?

A: Yes. About 25 percent of California's electric power is provided by public electric utilities.^{1,2}

Q: How many public power utilities are there in California?

A: There are 45 public electric utilities in California.³ The largest public utilities in the state are Los Angeles Department of Water and Power (LADWP), Sacramento Municipal Utility District (SMUD), San Francisco, Palo Alto, Santa Clara, Burbank, Glendale, Pasadena, Anaheim, Riverside, and Imperial Irrigation District (IID).

Q: How many public power utilities are there in the United States?

A: More than 2,000.⁴ The largest on the West Coast outside of California is Seattle City Light.

Q: How many public electric utilities have been formed in the last 20 years in the United States?

A: About 20 since 2000, or about one per year.⁵

Q: Do public utilities and public agencies operate within the City of San Diego?

A: Yes. There are several examples:

- The City's Public Utilities Department provides water and wastewater service to City residents.
- The Metropolitan Transit System (MTS) is a joint powers authority public agency. MTS grew out of San Diego Transit. San Diego Transit was formed in 1967 when the City took over the private transit operator serving the City at the time.⁶ MTS member cities include San Diego, Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, Santee, and San Diego County. Elected officials from each

¹ Legislative Analyst's Office, *Assessing California's Climate Policies—Electricity Generation*, January 6, 2020: <https://lao.ca.gov/Publications/Report/4131>.

² For a history of the evolution of public and private power companies, see PBS Frontline, *Public vs. Private Power: From FDR to Today*, 2001: <https://www.pbs.org/wgbh/pages/frontline/shows/blackout/regulation/timeline.html>.

³ California Municipal Utilities Association, *Members*, website accessed September 22, 2020: <https://www.cmua.org/members>.

⁴ APPA, *Public Power for Your Community*, 2016, p. 27: https://www.publicpower.org/system/files/documents/municipalization-public_power_for_your_community.pdf.

⁵ APPA, *Municipalization: setting the record straight*, November 12, 2019: <https://www.publicpower.org/blog/municipalization-setting-record-straight>.

⁶ San Diego Metropolitan Transit System - History, accessed September 1, 2020: <https://www.sdmts.com>.

jurisdiction, including San Diego County, serve as the board of directors. The City of San Diego has the most representation with four members.

- Newly formed San Diego Community Power (SDCP) is a joint powers authority composed of five cities, San Diego, Chula Vista, Imperial Beach, La Mesa, and Encinitas. One city councilmember from each city serves on the SDCP board of directors.
- UC San Diego also operates as an island of electric self-service within SDG&E – a standalone microgrid⁷ – in effect functioning as a de facto municipal utility.

Q: How has the City’s Public Utilities Department performed?

A: Reasonably well. The Public Utilities Department was honored in 2016 and 2019 as a “Utility of the Future Today.”⁸ It is developing the cutting-edge “Pure Water” program that purifies recycled water to produce safe, high-quality drinking water for the City. The intent of this program is to provide one-third of the City’s drinking water by 2035.⁹

The Public Utilities Department gained notoriety in 2017 for billing errors, when about 0.2 percent of bills required correction after being sent to customers.¹⁰ City Councilwoman Barbara Bry called for an audit in February 2018. New procedures were put in place to reduce billing errors in response to the audit. This incident showed the power of local control – customer complaints resulted in fast action by the City Council and the problem was rectified.

Q: What governance structures are used by public power utilities in California?

A: The City of San Diego is empowered to select the governance structure it chooses. A variety of governance structures are used by existing California public utilities:

- SMUD is governed by an elected seven-member board of directors.
- IID is governed by an elected five-member board of directors.
- LADWP is governed by a five-member Board of Water and Power Commissioners appointed by the mayor of Los Angeles and confirmed by the Los Angeles City Council.
- The seven-member Anaheim Public Utilities Board is appointed by Anaheim City Council.
- The Riverside Board of Public Utilities is a nine-member board appointed by the Riverside City Council.
- Pasadena Water and Power is governed by the Pasadena City Council.
- The Long Beach municipal natural gas utility is a department of the City of Long Beach.

⁷ Triton (UCSD alumni publication), *Microgrid: Keeping the Lights On*:

<https://www.alumni.ucsd.edu/s/1170/emag/emag-interior-2-col.aspx?sid=1170&gid=1&pgid=4665>.

⁸ City of San Diego press release, *City of San Diego Public Utilities Named a “Utility of the Future Today”*, September 24, 2019: https://www.sandiego.gov/sites/default/files/2019-09-24_city_of_san_diego_public_utilities_named_a_utility_of_the_future_today_0.pdf.

⁹ San Diego Public Utilities Department, *Pure Water San Diego* (webpage), accessed September 11, 2020: <https://www.sandiego.gov/public-utilities/sustainability/pure-water-sd>.

¹⁰ KPBS, *San Diego Water Department Sent 2,750 Incorrect Bills In 2017, Audit Found*, July 26, 2018: <https://www.kpbs.org/news/2018/jul/26/san-diego-water-department-sent-2750-incorrect-bil/>.

Q: Does San Diego have an operational example of a completely independent public entity that serves the City but is not operated by the City or subject to City control?

A: Yes. The San Diego Unified School District. San Diego Unified is governed by an elected five-member board of directors with funding that is independent of the City of San Diego.¹¹

2. WHY COMMUNITIES MUNICIPALIZE THEIR POWER UTILITIES

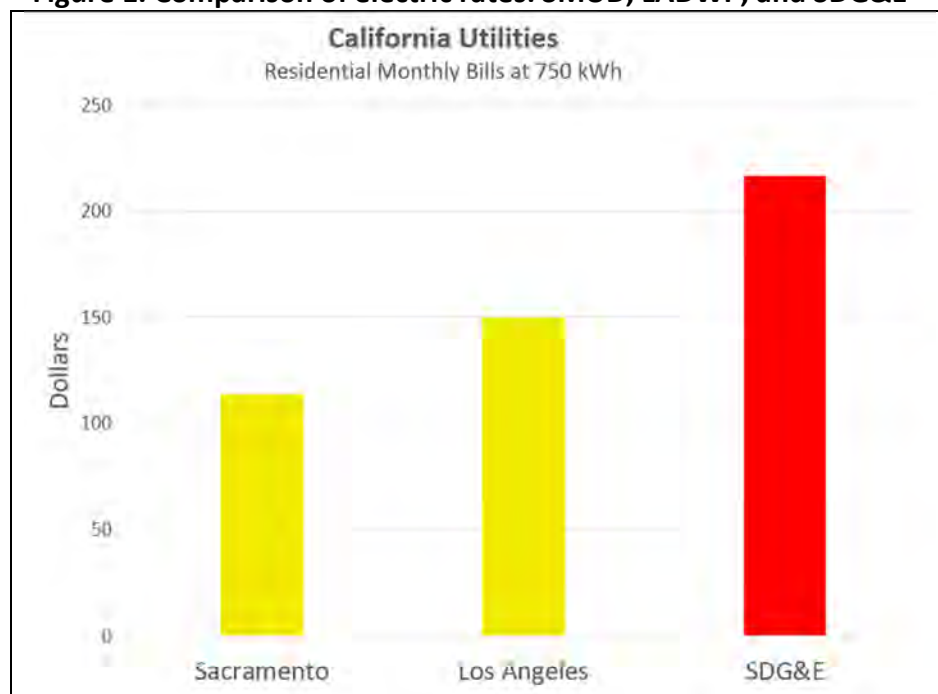
Q: What are the potential advantages of public power?

A: Local control, more accountability, better service, higher reliability, lower rates, a stronger local economy.

Q: How do the rates of public electric utilities in California compared to SDG&E's rates?

A: Public power rates are substantially lower. The residential rates of SMUD, LADWP, and SDG&E are compared in Figure 1. The monthly bill of a SMUD residential customer is about one-half the monthly bill of a SDG&E residential customer.

Figure 1. Comparison of electric rates: SMUD, LADWP, and SDG&E¹²



¹¹ San Diego Unified School District website, accessed September 17, 2020:

https://www.sandiegounified.org/about/board_of_education.

¹² Sacramento Municipal Utility District, *2018 SMUD Annual Report*, p. 7:

<https://www.smud.org/en/Corporate/About-us/Company-Information/Reports-and-Statements/2018-Annual-Report>.

Q: Is one reason public utilities are lower cost that they do not pay the state-mandated profit, now set at over 10 percent, which is collected by private utilities like SDG&E?

A: Yes. SDG&E currently makes over \$1 million a day in profit from its City of San Diego customers.¹³ A San Diego public electric utility would collect no profit from San Diego customers.

Q: Do SDG&E customers also pay for all taxes owed by SDG&E?

A: Yes. In contrast, a public utility has no tax obligations.

Q: Are other regions of the country currently pursuing public power?

A: Yes. For example, the Maine Legislature's joint Energy, Utility, and Technology Committee approved a bill in July 2020 authorizing an evaluation of options, including public power, to the state's IOUs.¹⁴

Q. Why were/are public utilities formed in California?

A. The reasons vary. Lack of attention to local needs and interests, poor service, and high rates are some of reasons that cities are exploring public power.

Q: Would a public utility be more reliable than SDG&E?

A: Almost certainly. SDG&E territory has experienced three major blackouts in the last decade: April 2010, September 2011, and August 2020.

All three blackouts occurred under conditions that SDG&E should have been able to meet without interrupting power to customers. SDG&E avoided blackouts during the SDG&E-caused 2007 wildfires in part by obtaining emergency power from UC San Diego, which self-supplies with its own generation.¹⁵

Q: Are public power efforts that do not result in municipalization worth the effort?

A: Yes. Las Cruces, New Mexico, spent about seven years battling legal hurdles erected by the incumbent private utility. Las Cruces did not form a city-owned electric utility, but it did win important concessions with a short-term franchise agreement, a substantial settlement payment, and the option to purchase electric distribution facilities in the future.¹⁶

¹³ SDG&E profits, first half of 2020 = \$455 million (Sempra 2020 10-Q quarterly filings). San Diego represents 47.3% of SDG&E sales to customers (NewGen Report, pdf p. 45). SDG&E profits attributable to San Diego customers, first six months of 2020 = $0.473 \times \$455 \text{ million} = \215 million . Number of days in first six months of 2020 = 181 days. Profit per day = $\$215 \text{ million} \div 181 \text{ days} = \$1.19 \text{ million per day}$.

¹⁴ Portland (ME) Press Herald, *Bill to force CMP takeover replaced with measure to explore options*, July 24, 2020. <https://www.pressherald.com/2020/07/24/bill-to-force-cmp-takeover-replaced-with-measure-to-explore-options/>.

¹⁵ San Diego Union Tribune - Letters, *Generation of power outside SDG&E grid*, November 17, 2007.

¹⁶ APPA, *Public Power for Your Community*, 2016, p. 44.

Minneapolis signed a five-year (franchise) contract with its IOU in 2015 in the midst of a movement to municipalize. The shorter Minneapolis contract is in place, and parties can choose with a year's notice to renegotiate.¹⁷

Q: How much revenue do communities with public power utilities receive from their public utilities?

A: In 2016, public power utilities contributed 5.6 percent of electric operating revenues back to the communities they serve.¹⁸ In comparison, investor-owned utilities paid a median of 4.4 percent of electric operating revenues in taxes and fees to state and local governments in 2016.

SDG&E provides franchise fees equivalent to 3.0 percent of its electric and natural gas sales to the City of San Diego.¹⁹ These fee payments amounted to \$63.7 million²⁰ in fiscal year 2020 on an estimated \$1.8 billion in SDG&E sales revenue generated in the City.²¹ A fee of comparable value, \$63.6 million, was also collected for the Utility Undergrounding Surcharge Fund.²² SDG&E collects these fees from City residents and transfers them to the City. These fees are not paid out of SDG&E revenue.²³

In contrast, Austin Energy, the public electric utility of Austin, Texas, contributed \$109 million to Austin's General Fund in 2018 on sales of \$1.2 billion.²⁴ This amount is approximately 9 percent of Austin Energy's sales revenue - a rate three times higher than the San Diego franchise fee.

3. VALUE OF SDG&E ASSETS IN THE CITY

Q: Who paid for SDG&E's electric and natural gas assets?

A: City of San Diego ratepayers and all the other customers of SDG&E. Although its customers pay to build, operate, and maintain all of SDG&E's equipment and facilities – and pay for a profit on all the assets – SDG&E retains legal ownership of all assets.

¹⁷ Voice of San Diego, *What Power San Diego Has Over Its Power Company*, August 4, 2020.

¹⁸ APPA, *Public Power Pays Back - Payments and Contributions by Public Power Utilities to State and Local Governments in 2016*, March 2018.

¹⁹ JVJ Pacific Consulting LLC, *Report to the City of San Diego Concerning Electric and Gas Distribution Systems*, June 22, 2020, p. 31, available at https://protectourcommunities.org/wp-content/uploads/2020/09/2020-06-22-JVJ-Report_to_the_City_of__San_Diego.pdf.pdf.

²⁰ San Diego Independent Budget Analyst, *Analysis of the Initial Recommendations Concerning the Electric and Gas Franchise Agreements*, August 4, 2020, p. 5, footnote 3. "Total revenue associated with SDG&E franchise fees included \$47.8 million for the General Fund, \$15.9 million for the Environmental Growth Fund (EGF)."

²¹ NewGen Report, Table 3, pdf p. 45. SDG&E electric revenue from San Diego sales, 2017 = \$1.551 billion. SDG&E natural gas revenue from San Diego sales, 2017 = \$0.226 billion. Total San Diego sales, 2017 = \$1.777 billion.

²² San Diego Independent Budget Analyst, p. 5, footnote 3.

²³ Ibid, p. 2.

²⁴ Austin Energy, *2018 Annual Report*, p. 4 and p. 26: <https://austinenergy.com/ae/about/reports-and-data-library/corporate-reports>.

Q: Is the value of SDG&E's assets known? Has the value of SDG&E's electric and natural gas distribution systems in the City of San Diego ever been assessed?

A: Yes. SDG&E reports the value of its assets in its annual report to the Securities and Exchange Commission (10-K report). The State Board of Equalization has also assessed the value of SDG&E for property tax purposes.

Q: Has the value of SDG&E's electric and natural gas distribution systems in the City of San Diego ever been assessed?

A: Yes. Two studies, PowerServices, Inc. (2017)²⁵ and NewGen/Advisian (2020),²⁶ have appraised the value of SDG&E's electric distribution system assets within the City of San Diego. In addition, the NewGen/Advisian study appraised the value of SDG&E's natural gas pipeline assets within city limits.

Q: What is the market value of SDG&E's electric distribution system in the City of San Diego?

A: The market value of SDG&E's electric distribution in the City of San Diego is approximately \$2 billion (see table). The "severance" cost, the cost of physically separating San Diego from the rest of SDG&E's system, must also be accounted for.²⁷ The median severance cost estimate in the two studies is \$400 to \$500 million.

Market value estimate	Year	Capital cost, \$ million	Severance cost, \$ million	Total cost, \$ million
PowerServices, Inc.	2017	2,002	393	2,480
NewGen/Advisian	2020	2,087	190 - 899	2,277 – 2,986

Q: What did NewGen estimate the market value of the natural gas pipeline assets in the City would be?

A: \$633 million.

Q: How would the costs to purchase SDG&E's assets in the City of San Diego be financed?

A: A municipal revenue bond. Interest rates are at historically low levels, making it an ideal time to purchase SDG&E's assets.²⁸ The revenue bond would be repaid with revenues from utility customer bill payments.

²⁵ Power Services Inc., *City of San Diego Preliminary Municipalization Feasibility Study*, July 2017: <https://protectourcommunities.org/wp-content/uploads/2020/09/2017-San-Diego-Muni-Study-Power-Services.pdf>.

²⁶ NewGen Strategies and Solutions, *Electric and Gas Franchise Agreements Consultant Report City of San Diego California*, April 22, 2020: <https://protectourcommunities.org/wp-content/uploads/2020/09/2020-04-22-NewGen-San-Diego-Electric-Gas-Franchise-Agmt-Consultant-Report.pdf>.

²⁷ Severance – Physical separation of City substation facilities and SDG&E substation facilities, through a combination of switches, meters, and potentially other construction.

²⁸ JVJ Pacific Consulting LLC, p. 8.

Q: Would City of San Diego residents have to pay taxes on the value of SDG&E's assets if the City acquires them?

A: No. City residents currently pay SDG&E an amount equaling the property tax on SDG&E assets in the City. This tax would go away if the City purchases the assets to form a public utility.

Q: Is the cost of purchasing SDG&E's electric and natural gas assets in the City of San Diego an impediment to forming a municipal utility?

A: No. The amortized cost to purchase SDG&E electric assets in the City of San Diego, including severance costs, would be less than \$0.03/kWh.²⁹ That would be less than \$18/month on the average residential customer's monthly bill.³⁰ This capital expense would be recovered from a high volume of electric power sales over many years (20 to 30 years).

For comparison, the SDG&E all-in retail residential electric rate totals about \$0.35/kWh.³¹

Q: What did the City's consultant NewGen conclude about the effect of the purchase price on the cost City residents would pay for electric service?

A: NewGen stated the annual debt service for capital expenditures to purchase the SDG&E assets would be a small portion of the total cost of electric service.

Q: Did the City's consultant MRW determine that municipalization of electric and natural gas service would lower rates?

A: Yes. MRW looked at three scenarios: low cost, base cost, and high cost. MRW determined that municipalization would result in lower electric rates in the low cost and base cost scenarios. MRW found that municipalization would result in lower natural gas rates in all three cost scenarios.

Q: Was the high cost electric scenario that MRW evaluated plausible?

A: No. MRW arbitrarily increased the cost of renewable energy, and associated O&M and capital expenses, by 30% and 20% respectively compared to the "low case" and "base case".³² Without the arbitrary high-cost assumptions that produce an overall 15% increase in the cost of electricity, public power would cost less than SDG&E power.

4. HOW A PUBLIC POWER UTILITY WOULD WORK IN SAN DIEGO

Q: Would a public utility retain the same union workers currently working for SDG&E?

²⁹ PowerServices, Inc., July 2017, Exhibit C. Total electric acquisition costs = \$2,715,550,000 (capital assets, severance, capital start-up); unit total acquisition revenue requirement = \$0.0212/kWh.

³⁰ Average residential consumption is 600 kWh/month. 600 kWh/month x \$0.03/kWh = \$18/month.

³¹ B. Powers, *Roadmap to 100 Percent Local Solar Build-Out by 2030 in the City of San Diego*, May 2020, p. 51, footnote 207.

³² MRW, *Assessment of Economic Feasibility of Municipal Acquisition of Gas and Electric Assets*, May 2020, Figure 15, p. 17 and Table 17, p. 22.

A: Yes. International Brotherhood of Electric Workers (IBEW) Local 465 represents SDG&E's workforce. IBEW 465 also represents the IID labor force. IID is a public utility. IBEW workers have thrived working for IID, under a collective bargain agreement that includes excellent health care benefits.

IBEW 465 also represents some of the MTS labor force. MTS is a public transportation agency. Also, workers for the two biggest public utilities in the state, LADWP (IBEW 18) and SMUD (IBEW 1245), are represented by IBEW local unions in their areas.

Q: Does SDG&E's collective bargaining agreement with IBEW include a loyalty clause?

A: Yes. The loyalty clause requires the union and its membership to support SDG&E's positions.

Q: Does the community have the right to take over electric and natural gas service, if it chooses to do so?

A: Yes. SDG&E acknowledges that the City can exercise this right at any time.³³ SDG&E will be fairly compensated for the electric and natural gas assets, ideally by mutually agreeing with the City on a purchase price.

If SDG&E refuses to sell, or insists on an unduly inflated price, the City may consider condemnation action under its right of eminent domain. If the electric and natural gas systems are acquired through condemnation, the courts or state statutes will determine the just compensation amount.

Q: How much time does it take to form a public utility?

A: The average formation time is four to six years. Some public power utilities have been formed in a year or two, and in some of these cases the price was negotiated amicably. A few of the most hard-fought municipalization campaigns took eight to ten years or longer to complete.³⁴

Q: Who will run the public utility?

A: Ultimately the public utility will hire its own managerial staff, accountable to the residents of the City of San Diego.

A private contractor or another public utility can staff and manage the utility during the transition phase. ENCO Utility Services (<https://www.encous.com/new-utility-formation>) is a Southern California-based turnkey provider of bundled utility services for municipal and private

³³ See City Charter, Article I Corporate Powers, Section 1: Incorporation and Corporate Powers: <https://docs.sandiego.gov/citycharter/Article%20I.pdf>. "The City of San Diego . . . may own and operate public utility systems, including the joint or sole operation and ownership of utilities for the purchase, development, and supply of water and electrical power . . ."

³⁴ APPA, *Public Power for Your Community*, 2016, p. 44. SMUD is an outlier, taking over 20 years to form in the first half of the 20th century. See: SMUD, *Our History*, accessed September 10, 2020: <https://www.smud.org/en/Corporate/About-us/Company-Information/Our-History>.

utilities that can serve this function. Another public utility, such as SMUD or IID, could also potentially provide many of these services during the transition phase.

Q: How will the formation of a public utility affect San Diego Community Power?

A: San Diego Community Power (SDCP) is a five-city joint powers authority, consisting of San Diego, Chula Vista, Imperial Beach, La Mesa, and Encinitas. SDCP procures electric power supply for member cities, while SDG&E continues to provide transmission and distribution service.

If the City of San Diego becomes a municipal utility, it takes over the electricity distribution, billing, and customer service within the city limits. SDCP will continue to provide power to its member cities, and San Diego can remain a member of SDCP even after forming a municipal utility.³⁵ Or the City can opt to procure its own power supply.

Either way, a municipal utility in San Diego could provide low-cost, non-profit services to SDCP to minimize the cost of SDCP's electricity procurement, just as SMUD provides many non-profit support services to community choice energy providers in its region.³⁶

5. SDG&E EFFORTS TO UNDERMINE PUBLIC POWER IN SAN DIEGO

Q: Has the investor-owned utility (IOU) industry developed a playbook to assist IOUs in undermining public power efforts?

A: Yes. The trade association representing the IOU industry is Edison Electric Institute (EEI), formed in 1933.³⁷ EEI represents all IOUs in the country, including SDG&E. EEI developed a roadmap in 2013 to assist its members in defeating municipalization efforts:

Edison Electric Institute, 2013, *Public Power Takeovers – Strategic Resources for Defeating Municipalization*, [Defending Your Shareholder-Owned Electric Company Against New Municipalization Threats – A Tactical Guide]³⁸

³⁵ “Public Utilities Code Section 366.2(c) (1): Notwithstanding Section 366, a community choice aggregator is hereby authorized to aggregate the electrical load of interested electricity consumers within its boundaries to reduce transaction costs to consumers, provide consumer protections, and leverage the negotiation of contracts. However, the community choice aggregator may not aggregate electrical load if that load is served by a local publicly owned electric utility.” This Code section is intended to prevent newly-formed CCAs from aggregating load served by existing publicly-owned electric utilities. It does not apply to situations where the CCA forms prior to the formation of the publicly-owned electric utility, which would be the situation in San Diego.

³⁶ SMUD, *Your trusted partner in community energy*, webpage accessed September 10, 2020: <https://www.smud.org/en/Corporate/Landing/Community-Energy-Services>.

³⁷ APPA, *Public Power for Your Community*, 2016, p. 27.

³⁸ Edison Electric Institute, *Public Power Takeovers – Strategic Resources for Defeating Municipalization*, 2013: <https://protectourcommunities.org/wp-content/uploads/2020/09/Edison-Electric-Institute-strategic-resources-for-defeating-municipalization.pdf>.

The Tactical Guide directs IOUs on how to “nip a takeover in the bud,” using community campaigns along with legislative advocacy and outreach. Strategies to influence elected officials and opinion leaders, to organize allies, and to engage in the public debate against public power are described. Strategies to defeat public power at the ballot box are addressed.

Fundamentally, the Tactical Guide describes a disinformation campaign to confuse and co-opt elected officials and the public.

Q: Has SDG&E employed tactics suggested in EEI’s “Defeating Municipalization” tactical guide?

A: Yes. SDG&E incorporated tactics outlined in “Defeating Municipalization” in the utility’s July 15, 2020 letter to the City Council’s Environment Committee on the topic of “Consultant Reports on City of San Diego Proposed Franchises for Gas & Electric Service.” This was an attempt to create unfounded fear and doubt about public power. Consider these largely false or misleading assertions in SDG&E’s letter, followed by Public Power San Diego responses in bold type:

- SDG&E CLAIM: Potentially saddle San Diego taxpayers with years of expensive litigation.
FACT: Any litigation or delay would be driven by the level of SDG&E’s obstruction.
- SDG&E CLAIM: City could be burdened with billions of dollars in new financial obligations.
FACT: SDG&E’s claim is false because SDG&E’s assets would be purchased with a revenue bond paid for with utility bill payments, not City of San Diego funds.
- SDG&E CLAIM: City could place the risks associated with catastrophic wildfires on the backs of City taxpayers.³⁹
FACT: SDG&E’s claim is false because the public utility can be structured, like SMUD or IID or San Diego Unified School District, to be completely independent of the City.
- SDG&E CLAIM: San Diego region has been largely protected from (wildfires) because of SDG&E’s focus and execution of a wildfire mitigation plan.
FACT: The region was devastated by SDG&E-caused fires in 2007, and heavy reliance on preventive fire shutoffs now undercuts the obligation to serve all customers. Only after SDG&E was successfully sued by fire victims, and their shareholders were held responsible, did the utility change its practices.
- SDG&E CLAIM: The risks associated with the operation of a natural gas utility are well illustrated by the deadly explosion in 2010 of a PG&E natural gas line.

³⁹ The financial risks of wildfires will be much less if the City is a public utility. The City has no land in the extreme high fire threat area (Tier 3) to the east, where SDG&E caused three catastrophic wildfires in 2007 (Rice Fire, Guejito Fire, Witch Fire). The public power agency would also carry wildfire liability insurance, just as SDG&E does. There would be no City taxpayer wildfire liability exposure.

FACT: PG&E mismanagement caused the explosion. This is an example of private utility incompetence, not a reason to trust a private utility.

- SDG&E CLAIM: The NewGen Report grossly undervalues SDG&E's assets and is not a proxy for the fair market value appraisal.

FACT: NewGen's independent valuation was consistent with the 2017 PowerServices, Inc. independent valuation of SDG&E's assets.

- SDG&E CLAIM: The NewGen Report almost completely discounts the time and cost for separation.

FACT: The NewGen report estimates substantial costs for separation.

- SDG&E CLAIM: The severance analysis included in the NewGen Report (provided by Advisian) grossly underestimates these costs.

FACT: The severance cost estimate is consistent with, though less precise, than the 2017 PowerServices severance cost estimate.

- SDG&E CLAIM: The NewGen Report paints a false and rosy picture of the costs of municipalization.

FACT: The NewGen costs of municipalization are consistent with those calculated in 2017 by PowerServices.