

RESOLUTION NUMBER R- 272453

ADOPTED ON DEC 13 1988

WHEREAS, media reports indicate that the Boards of Directors of Southern California Edison Company (Edison) and San Diego Gas & Electric Company (SDG&E) will approve an Edison-SDG&E merger which will result in the elimination of SDG&E as a separate public utility serving the citizens and ratepayers of the City of San Diego, and

WHEREAS, this Council is deeply concerned about potential adverse impacts of such a merger on the public utility rates which San Diegans will be required to pay in the future and the effect of such a merger on the overall economy of the City and the region; and

WHEREAS, legislative and administrative mechanisms exist at the local, state and federal levels to enable the public and its representatives to determine whether the proposed Edison-SDG&E merger is in the best interests of the City, its citizens and the ratepayers; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego as follows:

1. Authorization is granted in principle for the financing necessary for the City Attorney, supported by appropriate City staff, to participate fully in the administrative proceedings before the California Public Utilities Commission and those federal agencies exercising authority in the matter as are required and necessary for approval or rejection of the Edison-SDG&E application for permission to merge.

2. The City Manager and City Attorney are directed to prepare, utilizing evidence produced in state and federal proceedings and such other evidence as is appropriate, for a full hearing before this City Council on the required Edison-SDG&E application for approval of the transfer of SDG&E's gas and electric franchises to operate within the City, giving particular and special attention to: (a) Long- and short-term effects on all ratepayers; (b) Economic effects caused by termination of SDG&E headquarters operations in the City and (c) Effects of the merger on the now outstanding approximately \$560 million in industrial development bonds issued by the City to SDG&E's benefit.

3. The City Manager, with the assistance of the City Attorney, is directed to investigate possible acquisition of SDG&E's gas, electric or both gas and electric utilities for public operation by the City, by a special district formed for the purpose, by a consortium of local governments or by some other method.

4. The City Manager is directed to contact appropriate officers of SDG&E to communicate the Council's deep concern about the long-term effect of the Edison-SDG&E merger on the economic welfare of the City and its citizens.

BE IT FURTHER RESOLVED, that the City Manager be and he is hereby authorized to agree to advance \$250,000 to the San Diego County Water Authority (SDCWA) for the purpose of retaining competent experts to perform a cost/benefit analysis of public acquisition of SDG&E, provided that SDCWA will:

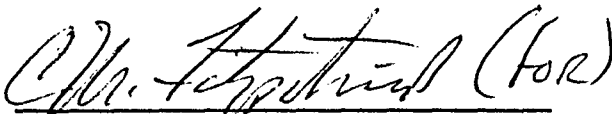
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i) forthwith pursue legislation to amend the County Water Authority Act in a manner appropriate to empower it to make such an acquisition and operate, maintain and replace such utility systems and permit the Authority to repay such advances as soon as the legislation is effective; and

ii) keep the City fully informed about the progress and results of the studies undertaken and the legislation introduced.

BE IT FURTHER RESOLVED, that the Mayor and Council be and they are hereby authorized to execute and direct letters to SDG&E and the California Public Utilities Commission regarding the proposed merger attached hereto as Enclosures (1) and (2).

APPROVED:



JOHN W. WITT  
City Attorney

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12/13/88 REV. 1  
Or.Dept:Atty.  
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# THE CITY OF SAN DIEGO

OFFICE OF  
THE CITY COUNCIL

December 13, 1988

Mr. Thomas A. Page  
Chairman of the Board  
San Diego Gas & Electric Co.  
101 Ash Street  
San Diego, CA 92101

Dear Mr. Page:

The San Diego City Council is asking that you reconsider your vote to accept the takeover bid of Southern California Edison for San Diego Gas & Electric.

Several factors provide you with the perfect opportunity to reconsider your vote. First, San Diego will lose over 1,000 well paying jobs. Second, our rates will probably increase. Third, and even more alarming are the recent revelations that the staff of the Public Utilities Commission has discovered that Edison may have overcharged its ratepayers by \$124 million for self-dealing between its regulated and non-regulated subsidiaries, with the ratepayer picking up the tab. In all likelihood this improper transaction will be charged to unsuspecting shareholders. We understand this information was not available to you at the time you voted to support the takeover. Hence an opportunity now exists for you to reconsider your earlier vote based on your fiduciary responsibility to the San Diego shareholders.

Clearly, you too must be alarmed by the stories alleging favorable treatment by the Southern California Edison holding company for its sister companies. This practice of improperly enriching the parent company through "self-dealing" between its regulated and non-regulated subsidiaries could continue in San Diego.

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ENCLOSURE (1)

Mr. Thomas Page  
December 12, 1988  
Page Two

For all of these reasons, we respectfully request that you  
reconsider your earlier vote to support this takeover.

Sincerely,

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cc: San Diego Gas & Electric Board Members

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December 13, 1988

Public Utilities Commission  
c/o Stanley W. Hulett, President  
505 Van Ness  
San Francisco, CA 94102

Dear President Hulett:

The City of San Diego has several concerns with regard to the proposed merger of Southern California Edison (SCE) and San Diego Gas & Electric (SDG&E). In order to protect the interests of San Diego ratepayers and responsibly address the issue of the City's franchise, the City expects to take an active and continuous role in all proceedings relating to the merger.

We are deeply concerned about the fiscal consequences to the City of fully participating in the hearings. Due to the level of community interest, the impact of the action on the City and the expense involved, we respectfully request that your hearings on the merger be held in San Diego. Such an action will maximize access by interested parties and minimize the impact on ratepayers and taxpayers in supporting the travel of City and Company officials. We would also ask that serious consideration be given to eventual reimbursement of the City for the costs of consultants and studies requisite to effective participation in Commission proceedings in this matter. This would offset the SCE advantage of being able to pass these costs along to the ratepayer as a cost of doing business.

We appreciate your consideration in this matter of vital interest to San Diego.

Sincerely,

\_\_\_\_\_  
Abbe Wolfsheimer, District 1

\_\_\_\_\_  
Ed Struiksma, District 5

\_\_\_\_\_  
Ron Roberts, District 2

\_\_\_\_\_  
Bruce Henderson, District 6

\_\_\_\_\_  
Gloria McColl, District 3

\_\_\_\_\_  
Judy McCarty, District 7

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Wes Pratt, District 4

\_\_\_\_\_  
Bob Filner, District 8

\_\_\_\_\_  
ENCLOSURE (2)

R- 272153

DEC 13 1988

Passed and adopted by the Council of The City of San Diego on....., by the following vote:

| Council Members        | Yeas                                | Nays                     | Not Present                         | Ineligible               |
|------------------------|-------------------------------------|--------------------------|-------------------------------------|--------------------------|
| Abbe Wolfsheimer       | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| Ron Roberts            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| Gloria McColl          | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| H. Wes Pratt           | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| Ed Struiksma           | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| J. Bruce Henderson     | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Judy McCarty           | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| Bob Filner             | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| Mayor Maureen O'Connor | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |

AUTHENTICATED BY:

MAUREEN O'CONNOR  
Mayor of The City of San Diego, California.

(Seal)

CHARLES G. ABDELNOUR  
City Clerk of The City of San Diego, California.

By *Maureen L. O'Connor*, Deputy.

Office of the City Clerk, San Diego, California

Resolution Number **R-272453** Adopted **DEC 13 1988**

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