

#334
3/17

RESOLUTION NUMBER R- 309562

DATE OF FINAL PASSAGE MAR 25 2015

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO IN RESPONSE TO THE PROPOSED CHANGES
TO SAN DIEGO GAS AND ELECTRIC'S RESIDENTIAL
ELECTRICITY TARIFF STRUCTURE.

WHEREAS, prior to the California energy crisis of 2000-2001, San Diego Gas and Electric (SDG&E) had a two-tier rate structure that imposed a lower rate for basic electricity needs, and a higher rate for greater levels of consumption; and

WHEREAS, in response to the energy crisis, the California State legislature passed Assembly Bill (AB) 1X in 2001 and put in place a five-tier residential rate system (modified to four tiers in SDG&E service territory), and froze the rates in the bottom two tiers to protect consumers from price shocks for basic electricity needs; and

WHEREAS, the highest tiers of the current rate structure, Tiers 3 and 4, are about twice as expensive as Tier 1 and 2 rates; and

WHEREAS, SDG&E's current rate restructuring proposal is in response to the 2013 passage of AB 327 and returns to the pre-energy crisis two-tier rate structure; and

WHEREAS, SDG&E and the City of San Diego should use every option available to conserve energy and reduce carbon pollution in order to minimize the impacts of the climate crisis, which will put an increasing strain on our energy system; and

WHEREAS, in accordance with Public Utilities Code §739.1(c)(1), customers with limited economic means who are currently eligible for subsidies through the California Alternate Rates for Energy (CARE) program will see these subsidies decrease due to the requirements established in AB 327. The Council would prefer that the CARE program subsidies in the SDG&E proposal be no less than 35 percent; and

WHEREAS, according to SDG&E, this restructuring proposal means that current SDG&E customers that are low users of electricity and pay only the Tier 1 and 2 rates will experience an eight percent average rise in electricity costs in 2015; and

WHEREAS, according to SDG&E, this restructuring proposal means that high users of electricity will receive a cost savings on current Tier 3 and 4 rates of 30 percent on average; and

WHEREAS, the current SDG&E proposal will reduce electricity rates for the top tiers and raise rates for the bottom two tiers from approximately 20 cents per kilowatt-hour to approximately a 3 cent per kilowatt-hour difference in the proposed 2018 two tier structure; and

WHEREAS, SDG&E's proposed changes to the rate structure, which brings the two tiers to approximately a 3 cent per kilowatt-hour difference by 2018, dramatically flattens the rate structure and significantly reduces the incentives for higher energy users to conserve; and

WHEREAS, some high users of electricity may not voluntarily choose to reduce their consumption and/or use rooftop solar energy to avoid higher rates, if the rate change between tiers is such a minimal amount; and

WHEREAS, the proposed SDG&E rate structure introduces a \$5 per month fixed fee on approximately 1.4 million residential accounts; and

WHEREAS, the new \$5 per month fixed fee will increase to \$10 per month in 2017 and thereafter increased annually by indexing to the Consumer Price Index in 2018 and beyond; and

WHEREAS, these fixed fees are an additional financial disincentive for energy efficiency upgrades and rooftop solar; and

WHEREAS, in order to help meet the goals of the City of San Diego's proposed Climate Action Plan (including energy conservation and using 100 percent renewable


electricity by 2035) any proposal should clearly encourage energy conservation and distribute clean energy and provide disincentives for wasteful or excessive energy use; and

WHEREAS, conservation is necessary to achieve the 2035 goal because every kilowatt-hour saved through energy conservation avoids a kilowatt-hour that must be generated by renewable energy resources to meet the City's 2035 target; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego, that the City of San Diego urges the California Public Utilities Commission to adopt a proposal for residential electricity tariff structure to a structure and rollout timeframe that would promote conservation and distribute clean energy, ensure the CARE program is sustained at its maximum allowable amount, focus on significant education and subsidized efficiency upgrades, avoid negative impacts of rate changes on low-income ratepayers, and assist in achieving the City of San Diego Climate Action Plan goals.

APPROVED: JANI. GOLDSMITH, City Attorney

By



Mara W. Elliott
Chief Deputy City Attorney

MWE:js:cfq

02/16/15

03/16/15 REV.COPY

Or.Dept: Dist. 8 Council Member Alvarez

Doc. No. 957470

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of MAR 17 2015 .

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 3/24/15
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on MAR 17 2015, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherr Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage MAR 25 2015

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

(Seal)

By *Mary Fernandez*, Deputy

Office of the City Clerk, San Diego, California
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