

San Diego Community Planners Committee

Keeping Communities in Communication ❖ <http://www.sandiego.gov/planning/community/cpc>

DRAFT

August 28, 2012

Subject: Audit Committee Scope of Work for Fiscal Year 2012-2013

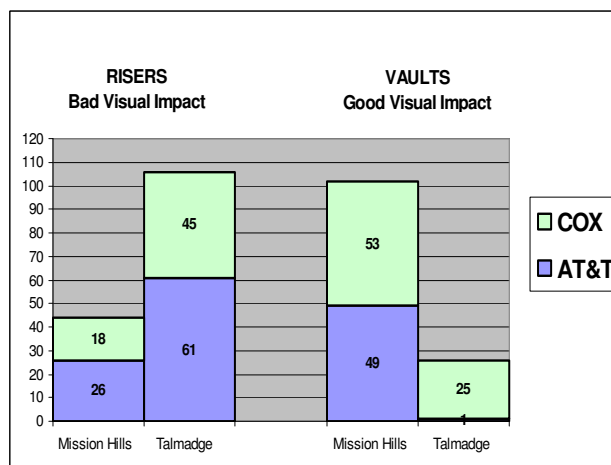
Honorable Chair Faulconer and Audit Committee Members:

Thank you for this opportunity to comment on your committee's July 9, 2012 action to add the City's undergrounding program to the scope of the Auditor's FY2012 performance audits. The Community Planners Committee (CPC) is concerned by the negative impacts caused by the relocation of utility fixtures to above ground utility boxes. We recommend the audit assess the following four areas:

- (1) Equity of treatment across communities/neighborhoods;
- (2) Compliance with the City's General Plan and other existing policies and regulations, especially as relates to the Mobility, Urban Design, and Economic Prosperity elements of the Plan;
- (3) Use of taxpayer funds to abate graffiti that is the responsibility of the utility companies;
- (4) Achievement of improved aesthetics expected by the city council and citizens at the program's inception and used to justify its adoption by the California Public Utilities Commission (CPUC).

COMMUNITY EQUITY

A preliminary review of the program by the Kensington-Talmadge Planning Group has revealed a troubling disparity in outcomes between different neighborhoods (see chart to the right). Whether this inequity is because of differing conditions on the ground, differing levels of contractor performance or program management, or for other reasons unknown to us, the CPC believes this disparity of treatment should be evaluated and eliminated.



GENERAL PLAN COMPLIANCE

The CPC believes that a City-authorized, ratepayer funded program should comply with existing city policies. The undergrounding program's current practices conflict with the City's General Plan, both in terms of its City of Villages strategy, "All villages will be pedestrian-friendly and characterized by inviting, accessible, and attractive streets" (SF-3) and specific objectives of various General Plan elements. Most relevant are the Mobility Element objectives for pedestrian accessibility, safety, and graffiti abatement, as well as objectives from the Urban Design and Economic Prosperity Elements for preserving community character and avoiding adverse economic impacts in commercial districts.

The Mobility Element of the 2008 General Plan contains several goals regarding the promotion of walkability and pedestrian accessibility, including the following:

"A safe and comfortable pedestrian environment" and "Greater walkability achieved through pedestrian friendly street, site and building design." (ME-6)

"Provide adequate sidewalk widths and clear path of travel as determined by street classification, adjoining land uses, and expected pedestrian usage" and "Minimize obstructions and barriers that inhibit pedestrian circulation." (ME-9)

The Urban Design and Economic Prosperity Elements contain several goals for the promotion of good urban design and vital commercial corridors. Unsightly and obstructive utility boxes in front of commercial storefronts and residential homes are antithetical to these goals.

“Minimize the visual and functional impact of utility systems and equipment on streets, sidewalks and the public realm.” (UD-15)

“Design and locate ... utility infrastructure such as phone, cable, and communication boxes, transformers ... to be integrated into adjacent development and as inconspicuous as possible. To minimize obstructions, elements in the sidewalk and public rights of way should be located in below grade vaults or building recesses that do not encroach on the ROW (to the maximum extent permitted by codes). If located in a landscaped set-back, they should be as far from the sidewalk as possible, clustered and integrated into the landscape design and screened from public view with plants or fence-like elements.” (UD-15)

“Economically healthy neighborhood and commercial areas that are easily accessible to residents.” (EP-13)

“Retain the city’s existing neighborhood commercial areas and develop new commercial activities within walking distance of residential areas...” (EP-15)



NO CLEAR PATH OF TRAVEL



SAFE AND COMFORTABLE?



NEGATIVE COMMERCIAL IMPACT

Also, in regards to public safety, the CPC believes the Audit Committee should review the City’s potential exposure to “Trip and Fall” lawsuits. The 2008 General Plan Mobility Element recognizes the necessity to “Maintain pedestrian facilities to be free of damage or trip hazards.” (ME-9) See below left for an example of the pedestrian hazard formed by the concrete pad.

GRAFFITI ABATEMENT

Abatement of graffiti is another stated goal of the 2008 General Plan: “Ensure that there are adequate law enforcement, code enforcement, and litter and graffiti control to maintain safe and attractive neighborhoods.” (ME-9) See below right for an example of graffiti.



TRIP & FALL HAZARD



GRAFFITI MAGNET

August 28, 2012
From: San Diego Community Planners Committee
To: Honorable Chair Faulconer and Audit Committee Members
Subject: Audit Committee Scope of Work for Fiscal Year 2012-2013
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From experience within our communities, the CPC has found that utility boxes have become a graffiti target of first choice in large parts of San Diego. Current graffiti abatement programs sponsored by the utility companies have proven unequal to the task causing citizens to reach out to the City to alleviate this problem. As power line undergrounding expands city wide, with the City continuing as the primary graffiti remover from utility boxes, the potential exists for this to become a sizable financial burden on the General Fund. There is also the propriety of whether the City should be providing on-going maintenance at taxpayer expense to the equipment of a for-profit enterprise.

COMMUNITY EXPECTATIONS

The quote below is taken from the May 14, 2002 SDG&E letter to the CPUC requesting approval to increase their franchise fee surcharge to support the proposed City of San Diego utility undergrounding program. It reflects the City's reason for initiating the program.

*“The City is responding primarily to its residents who are concerned about the **aesthetics** of overhead wires and safety concerns. In addition, overhead wires are deemed to **detract from the beauty of the City with impacts on tourism and residents**. For these reasons, the City Council passed the Ordinance which provides for the implementation of an additional fee equal to 3.88% of its annual “gross receipts” to be collected from the City residents to primarily implement the undergrounding program specified in the electric franchise.” (Attachment 1: Advice Letter 1407-E/1313-G (U 902-M) May 14, 2002.)*

The CPC recommends the performance of the undergrounding program should be reviewed against the City Ordinance which created it, the reasons stated to justify it, and the expectations held by the citizenry who pay for it.

To conclude, the CPC believes the Audit Committee should review this program for equity of treatment across communities; for compliance with the General Plan, particularly the Mobility, Urban Design, and Economic Prosperity Elements; responsibility for graffiti abatement; and for the overall standard of improved aesthetics promised at its inception and used to justify its adoption.

Thank you for your time and consideration. We are available to provide additional evidence if needed by the Committee or the City Auditor.

Sincerely,

DRAFT

Joe LaCava
Chair, Community Planners Committee
Direct: 858.488.0160
Mobile: 619.972.4705
Email: joe@avetterra.com

Enclosure: SDG&E Advice Letter 1407-E/1313-G (U 902-M) dated May 14, 2002

cc: CPC Members



San Diego Gas & Electric

J. Steve Rahon
Director
Tariffs & Regulatory Accounts
8315 Century Park Ct.
San Diego, CA 92123-1550

Tel: 858.654.1773
Fax: 858.654.1788
srahon@SemptraUtilities.com

May 14, 2002

PUC 110
PUC 120

ADVICE LETTER 1407-E/1313-G
(U 902-M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: INCREASE TO SAN DIEGO ELECTRIC & GAS FRANCHISE FEE DIFFERENTIALS

PURPOSE

San Diego Gas & Electric Company ("SDG&E") hereby requests approval from the California Public Utilities Commission ("Commission") to fully recover from its electric customers in the City of San Diego ("City") an increase in electric franchise fees payable to the City and to fully recover from its gas customers in the City an increase in gas franchise fees payable to the City. SDG&E proposes to recover the electric amount by increasing its existing 1.9% franchise fee differential surcharge line item on bills for all electric customers in the City to a 5.78% surcharge, and SDG&E proposes to recover the gas amount by increasing its existing 1.0% franchise fee differential surcharge line item on bills for all gas customers in the City to a 1.03% surcharge. These percentages are calculated assuming the Commission no later than November 1, 2002 approves this Advice Letter. Any delay beyond that date may cause the City to require an upward adjustment in the franchise fees payable to the City, and therefore in the requested surcharge increases.

This filing is being made in accordance with Ordering Paragraph 5 of Commission Decision (D.) 89-05-063 in OII 84-05-002, dated May 26, 1989 (32 Cal.P.U.C.2d 60), which adopted a procedure for filing a surcharge advice letter in instances where a local governmental entity has franchise fees exceeding the average franchise fees within the service territory of the utility. It is also consistent with the franchise fee differential surcharge that the Commission has imposed on SDG&E customers located in the City since 1970 (D.77879; 71 Cal.P.U.C. 486; October 27, 1970).

BACKGROUND

SDG&E has been paying the City an electric franchise fee equal to approximately 3% of its "gross receipts" from the sale of electricity within the corporate limits of the City, and an average of 1% to the other municipalities in its service territory. SDG&E has been paying the City a gas franchise fee equal to approximately 3% of its "gross receipts" from the sale of gas within the corporate limits of the City, and an average of 2% to the other municipalities in its service territory.

Pursuant to Section 4 of the 50-year gas and electric franchises granted to SDG&E in 1971 by the City, the Parties entered into over a year of negotiations to determine the applicable franchise fees for the last 20 years of the franchises. These negotiations resulted in the City Council adopting on January 28, 2002, amendments to the gas and electric franchises (Franchise Amendments and a Memorandum of Understanding, Attachments 1, 2 and 3 respectively, attached hereto and incorporated by this reference) continuing the 3% franchise fee percentage but changing the definition of "gross receipts". The definition of "gross receipts" is revised to include in the calculation the revenues collected from the City residents in the surcharges approved herein by the Commission, which increases the franchise fee revenues. In addition, the Franchise Amendments agree to the obligation set forth in Section 9 of the electric franchise to apply to the Commission for the funding of undergrounding projects in an amount equal to 4.5% of gross receipts. These changes result in an increase in the existing disparity between the level of franchise fees payable by SDG&E to the City and the average level of franchise fees paid by SDG&E to all municipalities in its service territory. Allocation of the increased franchise fee costs to only SDG&E customers located in the City is necessary to be consistent with Commission policy that this disparity be allocated to utility customers located in municipalities charging higher franchise fees.

SDG&E proposes an increase of 3.88% to its existing franchise fee rate surcharge to collect the additional revenues necessary to cover the increased franchise fees payable to the City for undergrounding and franchise fees. The surcharge revenues will be paid directly to the City, with 3.53% of the surcharge to be deposited into a separate account designated for electric undergrounding projects to be used exclusively for expenses directly related to electric undergrounding as set forth in City Council Policy on Underground Conversion of Utility Lines by Utility Company 600-08 (Attachment 4, attached hereto and incorporated herein by this reference).

The City is responding primarily to its residents who are concerned about the aesthetics of overhead wires and safety concerns. In addition, overhead wires are deemed to detract from the beauty of the City with impacts on tourism and residents. For these reasons, the City Council passed the Ordinance which provides for the implementation of an additional fee equal to 3.88% of its annual "gross receipts" to be collected from the City residents to primarily implement the undergrounding program specified in the electric franchise.

The additional fee imposed by the City is a significant increased expense for SDG&E, and should be fully recovered by SDG&E through surcharges on the bills of all SDG&E electric and gas customers located in the City. SDG&E proposes to increase the existing 1.9% electric franchise fee differential to 5.78% for all electric customers located in the City. Based on electric revenues for year 2002 this results in an additional amount of approximately \$36.5 million to be collected from the ratepayers located in the City during a full year of application in addition to the current approximate \$29 million paid to the City for the year 2000. This results in an increase of approximately \$3.00 to a typical residential customer's electric bill. The percentage increase would be the same for all classes of electric customers located in the City. SDG&E proposes to increase the existing 1.0% gas franchise fee differential to 1.03% for all gas customers located in the City. This represents approximately an additional \$79,500 to be collected during a full year of application based on the annual gas receipts in the City during 2000. This results in an increase of \$0.01 to a typical residential customer's gas bill. The percentage increase would be the same for all classes of gas customers located in the City.

The Franchise Amendments become effective once the Commission approves the increase in the surcharges proposed herein. Absent such approval of the Franchise Amendments, the Parties will pursue further negotiations or arbitration.

EFFECTIVE DATE

SDG&E respectfully requests that this Advice Letter become effective on June 23, 2002, which is 40 calendar days after the date filed.

PROTEST

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Energy Division – IMC Branch
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

Copies should also be sent via e-mail to the attention of both Jerry Royer (jjr@cpuc.ca.gov) and Honesto Gatchallian (jinj@cpuc.ca.gov) of the Energy Division. It is also requested that a copy of the protest be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: James Frank
Tariffs Manager
San Diego Gas & Electric
8315 Century Park Court, CP22D
San Diego, CA 92123-1550
Facsimile No. (858) 654-1788
E-Mail: jfrank@SempraUtilities.com

NOTICE

In accordance with Section III-G of General Order 96-A a copy of this filing has been served on the utilities and interested parties shown on the attached list by providing them a copy hereof either electronically or via the U.S. mail, properly stamped and addressed.

Address changes should be directed to Merrie Lamb of SDG&E by facsimile at (858) 654-1788 or by e-mail to mlamb@SempraUtilities.com.

J. STEVE RAHON
Director - Tariffs & Regulatory Accounts

Enclosures
(cc list attached)