



The City of San Diego
MEMORANDUM

DATE: May 24, 2018
TO: Warren Ruis, Director, Regional Public Affairs, San Diego Gas & Electric
FROM: Cody Hooven, Chief Sustainability Officer
SUBJECT: Follow up to debt equivalence and next meeting

In our meeting on April 26, 2018 SDG&E presented debt equivalence background information for the City to consider. Below are several follow up questions:

1. For outstanding PPAs, does SDG&E currently pass the cost of balancing 'debt equivalent' contracts on to its customers? If so, what is the cost range to the customer? If not, what is the debt imputation burden on SDG&E's financial profile under current contracts? How is that being handled?
2. If cost of 'balancing' is a pass through to customers why is it implied the City would be the party to provide the Letter of Credit or other offset to SDG&E PPA for Option B?
3. Is there a Joint solution to the debt equivalency cost? In other words can the SDGE/City partnership be counterparty on all new PPA's not just SDG&E?
4. Is there another mechanism or instrument, aside from PPAs, available?
5. Can SDG&E provide any further information on revenue requirements of their proposed program? Please include any type of exit fee or indifference fee that could potentially apply.

This information can help inform additional discussions, the City's analysis, and proposed program development. We currently do not have follow up questions from the May 10, 2018 meeting that was focused on communications and marketing. Our next collective meeting is scheduled for May 31, 2018. We will provide an agenda in advance. Please contact Cody Hooven, 619-236-6563 or chooven@sandiego.gov if you have any questions prior to then.