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For More Information: Andrew Sharp at asharp@san diego.gov

City Attorney Mara W. Elliott hails \$3-billion victory in San Diego Gas & Electric franchise lawsuit

A lawsuit that threatened to create a \$3-billion hole in the City's budget has failed following a decision by Superior Court Judge Katherine Bacal. City Attorney Mara Elliott said the judgment vindicates the City's position that the franchise agreement with San Diego Gas & Electric was lawfully negotiated and confirms the franchise fees are not taxes.

"This is an extremely positive outcome for San Diego taxpayers," said Elliott. "This lawsuit threatened to create a massive hole in the City's budget to the detriment of those who live in our City. Franchise revenue is essential to fixing streets and sidewalks, operating parks and libraries, and otherwise ensuring City operations."

The decision today in the case of The Protect Our Communities Foundation vs City of San Diego found the City abided by appropriate competitive bidding processes and will not be required to re-bid the agreement.

Judge Bacal's decision gives the City greater flexibility if SDG&E fails to comply with the terms.

"This was an immensely complicated piece of litigation, and the City prevailed thanks to some extraordinary legal work by Assistant City Attorneys Travis Phelps, Leslie Fitzgerald, and Jean Jordan;

Chief Deputy City Attorneys Tyler Krentz and Corrine Neuffer; and Senior Deputy City Attorney Fritz Ortlieb,” said City Attorney Elliott.

Under the terms of [the franchise agreement](#) approved by the City Council in June 2021, the City will receive approximately \$130 million per year in franchise fees for the remaining term of the franchise, for an estimated \$3 billion.

The City also receives \$30 million to help advance the City’s climate equity goals. In return, the City grants SDG&E exclusive use of public rights of way for transmission and distribution of electricity and gas, as well as the right to install and maintain wires, poles, power lines and underground gas and electric lines.

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