

ALBANY CALIFORNIA



CITY OF ALBANY
1000 SAN PABLO AVENUE
ALBANY, CA 94706
www.AlbanyCA.org

December 16, 2019

MEMORANDUM

To: Albany City Council Members

From: Mayor Nick Pilch, Vice Mayor Peggy McQuaid

Re: Resolution of the Albany City Council requesting the California Public Utilities Commission and the US Bankruptcy Court to fully consider a proposal to transform Pacific Gas & Electric into a customer-owned utility

RECOMMENDATION

That the Council approve Resolution 2019-99 calling on the California Public Utilities Commission and the US Bankruptcy Court to fully consider a proposal to transform Pacific Gas & Electric into a customer-owned utility

DISCUSSION

San Jose Mayor, Sam Liccardo reached out to members of the Albany City Council encouraging us to join over 50 local elected officials urging the California Public Utilities Commission (CPUC) to restructure PG&E from an investor-led company to one that is customer-owned.

Resolution 2019-99 strengthens our request to the CPUC to restructure PG&E to a corporation focused on serving customers rather than solely chasing corporate profits and one that has the financial strength to properly invest in safety.

SUSTAINABILITY IMPACT

NA.

FINANCIAL IMPACT

NA

Attachment:

1. Resolution 2019-99

1 **RESOLUTION NO. 2019-99**

2 **A RESOLUTION OF THE ALBANY CITY COUNCIL REQUESTING**
3 **THE CALIFORNIA PUBLIC UTILITIES COMMISSION AND**
4 **THE U.S. BANKRUPTCY COURT TO FULLY CONSIDER**
5 **A PROPOSAL TO TRANSFORM PACIFIC GAS & ELECTRIC**
6 **INTO A CUSTOMER-OWNED UTILITY**

7 **WHEREAS**, Californians have experienced a dystopia of alternating wildfires and
8 blackouts that have displaced hundreds of thousands of residents, and disrupted the daily
9 lives and livelihoods of millions more; and

10 **WHEREAS**, devastating blazes such as the Kincade Fire and the Camp Fire appear
11 to have resulted from failed Pacific Gas & Electric (PG&E) infrastructure, following a
12 decade in which the company distributed \$7 billion to shareholders, but chronically
13 underinvested in basic maintenance and safety; and

14
15 **WHEREAS**, rate payers—including businesses and residents—critically need a
16 utility company focused on placing the provision of reliable, safe, and affordable power
17 above the interests of its shareholders; and

18
19 **WHEREAS**, any solution to this crisis will require access to tens of billions of
20 dollars in capital markets to invest in maintenance, capital upgrades, and grid hardening; and

21 **WHEREAS**, a customer-owned utility would benefit from dramatically lower capital
22 costs than PG&E does today, due in part to its lack of obligation to pay dividends to
23 shareholders nor federal taxes; and

24 **WHEREAS**, by saving billions in interest payments, a customer-owned utility could
25 devote more of its resources to improving the company’s maintenance, infrastructure, and
26 service; and

27 **WHEREAS**, the federal bankruptcy code and state law vest the California Public
28 Utilities Commission (CPUC) with the responsibility for approving any Plan of
29

1 Reorganization for PG&E that emerges from bankruptcy court, particularly where that Plan
2 requires rate increases or access to the Wildfire Fund; and

3
4 **WHEREAS**, the bankruptcy court is considering two plans before it developed in the
5 Chapter 11 proceeding by two sets of hedge funds with competing Reorganization Plans that
6 reflect their proponents’ interests in extracting investor value—through short-term financial
7 gain—that will leave the company underinvesting in critical maintenance, safety, and
8 infrastructure improvements; and

9
10 **WHEREAS**, Mayors and other local leaders across Northern and Central
11 California—collectively representing more than 6 million residents—have publicly urged the
12 CPUC to consider the exploration of a customer-owned utility; and

13
14 **WHEREAS**, hundreds of utility cooperatives—several with billions in revenues—
15 currently serve more than 40 million customers in the U.S., at much lower costs of capital
16 than investor-owned utilities; and

17
18 **WHEREAS**, while investor-owned utilities can offer a successful model in many
19 contexts, the growing crisis of wildfires and increasing frequency of large, multi-billion-
20 dollar losses demands a more sustainable ownership model for the company’s operations;

21 **NOW, THEREFORE, BE IT RESOLVED**, that the council of the City of Albany
22 authorize City staff to submit this resolution to the appropriate agencies to call for the
23 California Public Utilities Commission and the U.S. Bankruptcy Court to fully
24 consider a proposal to transform Pacific Gas & Electric into a customer-owned utility.

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27 Date: December 16, 2019

NICK PILCH, MAYOR

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