



June 26, 2019

The Honorable Gavin Newsom
Governor of California
1303 10th Street, Suite 1173
Sacramento, CA 95814

Re: South San Joaquin Irrigation District's Retail Electric Project

Dear Governor Newsom,

As elected leadership representing the Cities of Manteca, Ripon, and Escalon, we implore your immediate attention to an ongoing, decades-long municipalization effort that we believe offers a partial solution to the situation that California is now grappling with in the wake of Pacific Gas & Electric's (PG&E) wildfire liabilities, felony convictions, and now bankruptcy.

The South San Joaquin Irrigation District (SSJID) has fought to provide retail electric service to the communities of Manteca, Ripon, and Escalon since 2004. SSJID's municipalization effort aims to supplant PG&E as the local electric utility and replace it with a transparent, responsive, safe, economical, and locally accountable utility that understands the needs and values of our communities. PG&E has thwarted this project since its inception by engaging in disruptive public relations campaigns, propping up local citizen resistance groups, and by injecting opposition into local approval processes for SSJID to exercise its latent power granted under the California Water Code to provide retail electric service to our region.

In December 2014, with the support of our communities, SSJID finally received local approval from the San Joaquin County Local Agency Formation Commission (SJLAFCo) to provide retail electric service. SJLAFCo's approval included an endorsement of the financial feasibility of SSJID's retail electric project, certification of a project specific CEQA document, and economic protections for customers and the local economy upon transition of electric service from PG&E to SSJID.

Interestingly, at the 2014 LAFCo hearing, PG&E touted its' financial stability, responsiveness to disasters and safety record as reasons why our region shouldn't rely on SSJID's ability to provide public power, even after the events that transpired in San Bruno. More recent news regarding bankruptcy filings, PG&E's culpability in starting wildfires including the 2018 Camp Fire, infractions of California Public Utilities Commission directives, and inability to promote safety among its workforce, all suggest that our region made the right call in authorizing SSJID's retail electric project.

Our region has long-experienced dissatisfaction with PG&E's substandard service. Recent examples include an unexpected, year-long, public road closure due to delays in PG&E's ability to complete the relocation of

P.O. Box 747, Ripon, CA 95366-0747 (Mailing)
11011 E. Highway 120, Manteca, CA 95336-9750
(209) 249-4600

a gas main in the City of Manteca; delays in street light energizing in new home subdivisions aimed at meeting California's housing crisis; and delays in providing temporary power to support construction of a new, large-scale resort employer committed to the Central Valley. And now, our residents and businesses are being told that their power may be shut off for up to 5 days at a time during the hottest part of summer, prompting significant public health and safety concerns in our communities. The lack of service to our customers and communities continues, with "bankruptcy" now used by PG&E as the scapegoat for poor service.

SSJID has completed all of the necessary work to prepare for condemnation and subsequent operation of PG&E's system within its service territory. SSJID has developed a detailed inventory and valuation of the relevant portion of the PG&E system, formulated a business plan, engineered a separation plan that maintains service for PG&E customers that would remain were SSJID to take over service within District boundaries, made an offer of purchase to PG&E, and initiated a condemnation action to purchase PG&E assets when the company indicated its assets were not for sale. Even with local approvals, PG&E filed suit against SJLAFCo's decision, and was successful in stalling SSJID's condemnation action. Both lawsuits are on appeal now, but we believe the current situation with PG&E presents an opportunity for SSJID's project to move forward.

The concept of municipalizing specific PG&E-served areas that are ready and willing to shoulder the responsibility of serving their own communities while meeting California's renewable energy and climate goals, should be given strong consideration as a solution to the current PG&E problem. Municipalization provides an opportunity to generate capital to address wildfire liabilities through sale of PG&E assets, makes PG&E more efficient for remaining utility customers by incrementally reducing PG&E's size, and incentivizes a reorganized PG&E (or its successor) to develop and implement a proper corporate culture that prioritizes safety and capital improvement to avoid future catastrophes.

Our local communities offer their support of SSJID's retail electric project and its commitment to providing our communities with safe, reliable, transparent, and locally accountable power. We respectfully request the opportunity to meet with you to discuss the merits of SSJID's project. Furthermore, we request your consideration of the benefits this municipalization effort provides not only for our communities in the Central Valley, but also as part of a global solution to the PG&E problem.

Should you be willing to meet with us on this important project, please reach out to Peter Rietkerk, SSJID General Manager, at prietkerk@ssjid.com, to coordinate such a meeting.

We thank you in advance for this opportunity.

Respectfully,



Robert Swift
Mayor, City of Escalon



Benjamin J. Cantu
Mayor, City of Manteca



Leo Zuber
Mayor, City of Ripon