



A  Sempra Energy utility

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Los Angeles City Council
200 North Spring Street
Los Angeles, CA 90012

Re: Street Damage Restoration Fee Increase (Council Files 15-0600-S22, 14-1571)

Dear Honorable Council Members:

As you are aware, the Bureau of Street Services (BSS), the Board of Public Works (BPW), and the LA City Council Public Works and Gang Reduction Committee (PWGR Committee) approved various proposed changes to the Street Damage Restoration Fee (SDRF). Specifically, the proposed changes to SDRF and the SDRF Fee Study (Study) by Shahin & Associates that BSS and the Controller's Office commissioned to support the proposed changes were both publicly released on Monday, April 16th. The Board Report and attachments included more than 10 documents totaling 567 pages of technical information. BPW and PWGR Committee approved BSS' approved changes two days later on Wednesday, April 18th with no public review and input into the study.

SoCalGas has concerns regarding the changes to the Street Damage Restoration Fee (SDRF) proposed by the Bureau of Street Services (BSS) and Board of Public Works (BPW). SoCalGas was not engaged, or was it provided adequate opportunity to review the Study's methodology and findings to evaluate accuracy, to assess the impact of the proposed changes on operations and costs, and to identify if there are alternative methods of preventing or mitigating street damage other than the proposed fee increase.

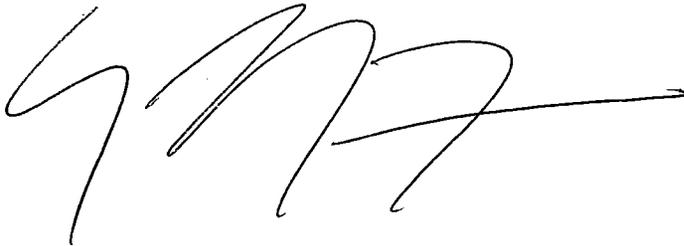
Furthermore, LA City Bureau of Engineering (BOE) revised its Standard Plan for Asphalt Concrete Street Restoration (S-477-1 - "T-Trench and Restoration Detail – Asphalt Concrete Streets") on March 19th, 2018. According to BOE, the revised Standard Plan requires new trenching techniques, backfill material, and inspection requirements to prevent trench failures from occurring. We are surprised BSS would recommend such wide-ranging increases to SDRF given BOE's extensive new requirements for trenching and backfilling in the City's right-of-way. It is unclear if the more stringent standards codified by S-477-1 were incorporated into the SDRF Study.

Under current California Public Utilities Commission main and service extension rules, the customer requesting service pays costs that are imposed on the utility. In other words, the proposed street cut fees and the cost of any fees or other paving requirements imposed by the City on SoCalGas is a development fee that will be passed on directly to the individual customer. Simply put, these additional fees are passed along to our customers and have the potential to significantly impact new businesses or homes requesting utility service. Accordingly, we work with all of the jurisdictions we serve to keep our costs just and reasonable. Government Code Section 66014 requires that fees must be reasonable and provably related to the cost of services rendered by local governments. There is a lack of clarity on the fees we will be charged that relate to the service provided by City staff.

More time is necessary to fully understand the impact of increased fees on businesses, residents, and ratepayers. We would appreciate an opportunity to further discuss this issue with BSS and LA City Council before it instructs the City Attorney to begin drafting an ordinance.

We urge the Council not to act until the utilities have had an opportunity to review the Study's findings and provide input.

Sincerely,

A handwritten signature in black ink, appearing to read 'GD', with a long horizontal line extending to the right.

Geoffrey Danker
Franchise, Fees & Planning Manager
Southern California Gas Company