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## CONSENT CALENDAR

FEBRUARY 11, 2025

To: Honorable Mayor and Members of the City Council

From: Councilmembers Igor Tregub (Author) and Cecilia Lunaparra (Co-Author)

Subject: Resolution in Support of the Commissioning of a California Feasibility Study to Implement “Golden State Energy,” a Not-for-Profit Public Utility Model

### RECOMMENDATION

Adopt a resolution in support of the allocation of state fiscal and staff resources to commission a feasibility study that compares various not-for-profit utility models prioritizing public benefits in energy generation, distribution, and transmission; the development an equitable implementation plan that establishes a statewide successor entity known as “Golden State Energy” as a successor to investor-owned utilities such as Pacific Gas and Electric; and transmittal of the Council’s support of such a resolution to Governor Gavin Newsom, Senator Jesse Arreguín (SD7) and Assemblymember Buffy Wicks (AD14).

### CURRENT SITUATION AND ITS EFFECTS

Three investor-owned utilities (IOUs) in California have monopolistic control of the state’s energy transmission and distribution system.<sup>1</sup> As one particular example, Pacific Gas and Electric Company (PG&E) is one of the two largest IOUs in California and one of the largest utility companies in the United States.<sup>2</sup> Its coverage area, which includes most of Northern and Central California, covers 70,000 square miles and serves 16 million people across the state but has consistently failed to meet safety, reliability, affordability, and climate justice standards.

The consequences of PG&E’s failures have been dire:

<sup>1</sup><https://information.auditor.ca.gov/reports/2022-115/index.html#:~:text=Background,primarily%20in%20SCE's%20service%20area.>

<sup>2</sup><https://www.eia.gov/todayinenergy/detail.php?id=40913#:~:text=The%20two%20largest%20IOUs%20are,%20and%20municipal%20Drum%20utilities.>

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- **Wildfire Liability & Disasters:** PG&E infrastructure has been directly linked to some of the deadliest and most destructive wildfires in California history, including the 2018 Camp Fire, which destroyed over 18,000 structures<sup>3</sup>.
- **Public Safety Power Shutoffs (PSPS):** PG&E has increasingly relied on mass power shutoffs to mitigate wildfire risks, leaving millions of residents and businesses without electricity for days at a time, with disproportionate harm to vulnerable populations.<sup>4</sup>
- **Escalating Rates & Affordability Crisis:** PG&E's residential rates have increased by over 118% since 2014, and future rate hikes are expected as the company seeks to recover wildfire-related liabilities and infrastructure costs.<sup>5</sup> By comparison, publicly owned utilities in California offer electricity at rates that are more than 50%% lower on average than those of IOUs.<sup>6</sup>
- **Grid Connection Delays:** Municipalities and developers are experiencing significant delays in connecting new buildings and businesses to the power grid. In Berkeley alone, these delays are significant contributors to unrealized projects, which stifles economic growth and electrification efforts.<sup>7</sup>

The failures of PG&E and the broader investor-owned utility model demonstrate the urgent need for alternatives that prioritize public interest over shareholder profits. The Golden State Energy Act (SB 350, 2020)<sup>8</sup> was a critical first step in planning to replace IOUs such as PG&E with a more affordable, sustainable, and public-serving model. This legislation established Golden State Energy, a nonprofit public benefit corporation designed to take over PG&E's assets in the event of another bankruptcy or operational collapse. The law aims to:

- Reduce energy cost burdens on residents
- Increase grid resilience and reliability
- Expand equitable access to clean energy infrastructure

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<sup>3</sup> <https://www.nytimes.com/interactive/2019/03/18/business/pge-california-wildfires.html>

<sup>4</sup> <https://iejusa.org/wp-content/uploads/2020/10/V3.3-Policy-Brief-CA-Shutoffs-Data-Brief.pdf>

<sup>5</sup> <https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/241205-public-advocates-office-q3-2024-rates-report.pdf>

<sup>6</sup> <https://lao.ca.gov/Publications/Report/4950>

<sup>7</sup> <https://emp.lbl.gov/news/grid-connection-backlog-grows-30-2023-dominated-requests-solar-wind-and-energy-storage>

<sup>8</sup> [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201920200SB350](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200SB350)

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## **BACKGROUND**

Across California and the nation, publicly owned and cooperative utilities have demonstrated superior outcomes in cost, reliability, and clean energy deployment:

- **Community Choice Aggregators (CCAs):** CCAs such as Ava Community Energy (formerly East Bay Community Energy)<sup>9</sup> serve customers in Alameda County and the upper San Joaquin Valley, delivering cleaner electricity at competitive rates. Unlike IOUs, CCAs reinvest surplus revenues into local energy programs, such as building electrification incentives, energy efficiency upgrades, local solar-plus-storage projects and customer rebates.<sup>10</sup>
- **Municipal Utilities:** Public utilities, including the Sacramento Municipal Utility District (SMUD) and the Los Angeles Department of Water and Power (LADWP), offer lower rates and more aggressive clean energy programs than IOUs. SMUD, for instance, has committed to achieving net-zero emissions by 2030, significantly outpacing state targets.<sup>11</sup>
- **Rural Electric Cooperatives & Tribal Utilities:** These entities successfully provide electricity to rural and underserved communities while maintaining local control over rates and infrastructure investments.

These models prove the success of publicly owned utilities (cooperative mutual benefit corporations, public utilities, and nonprofit public benefit corporations), and they could be scaled up to a statewide level.

Given PG&E's track record and the increasing urgency of the climate crisis, Berkeley and other cities should actively advocate for alternative energy models that reduce dependence on IOUs.

City of Richmond and the City and County of San Francisco have both passed similar resolutions.

## **RATIONALE FOR RECOMMENDATION**

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<sup>9</sup> [https://avaenergy.org/about-ava/?gad\\_source=1&gclid=EAlaIqObChMlplIWTx6rsigMVoNXCBb1qWSLiEAAAYASAAEgKowvD\\_BwE](https://avaenergy.org/about-ava/?gad_source=1&gclid=EAlaIqObChMlplIWTx6rsigMVoNXCBb1qWSLiEAAAYASAAEgKowvD_BwE)

<sup>10</sup> <https://avaenergy.org/news/press-release-ava-community-energy-kicks-off-the-new-year-by-issuing-22mm-in-bill-credits-to-its-customers/>

<sup>11</sup> <https://www.smud.org/Corporate/About-us/News-and-Media/2024/2024/SMUD-joins-landmark-global-coalition-for-sustainable-energy-future#:~:text=Key%20actions%20in%20SMUD's%202030,California%20and%20international%20energy%20agencies.>

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The continued failures of IOUs such as PG&E, as detailed above, underscore the risks of a monopoly-driven energy system that prioritizes shareholder returns over public well-being. As California accelerates its transition to a clean energy future, it is imperative that the state moves beyond IOUs toward a more democratic and resilient energy model. Berkeley and other municipalities have a unique opportunity to drive this transition by advocating for structural reforms, and ensuring that all residents have access to safe, affordable, and clean electricity.

### **FINANCIAL IMPLICATIONS**

Negligible (staff time associated with transmittal of resolution).

### **ENVIRONMENTAL SUSTAINABILITY**

The recommended action fully aligns with Berkeley's climate action goals by accelerating the reduction of greenhouse gas emissions and advancing local resilience efforts. Berkeley advocacy and influence on the State level will continue its commitment to be on the cutting edge of investing in energy efficiency, electrification, and grid innovation and contributing to a more sustainable and equitable energy future for the City of Berkeley and State of California.

### **CONTACT PERSON**

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### **ATTACHMENTS:**

1. Resolution
2. Letter of support
3. The Case for Golden State Energy Report

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**ATTACHMENT #1**

**RESOLUTION # XX-XX**

**RESOLUTION OF THE COUNCIL OF THE CITY OF BERKELEY IN SUPPORT OF THE ALLOCATION OF STATE FISCAL AND STAFF RESOURCES TO COMMISSION A FEASIBILITY STUDY THAT COMPARES VARIOUS NOT-FOR-PROFIT UTILITY MODELS PRIORITIZING PUBLIC BENEFITS IN ENERGY GENERATION, DISTRIBUTION, AND TRANSMISSION; THE DEVELOPMENT AN EQUITABLE IMPLEMENTATION PLAN THAT ESTABLISHES A STATEWIDE SUCCESSOR ENTITY KNOWN AS “GOLDEN STATE ENERGY” AS A SUCCESSOR TO INVESTOR-OWNED UTILITIES SUCH AS PACIFIC GAS AND ELECTRIC**

**WHEREAS**, investor-owned utilities (IOUs) in California, including Pacific Gas and Electric Company (PG&E), operate as monopolies prioritizing shareholder profits over the public interest, leading to dire consequences causing grievous harm to California residents and its environment by causing catastrophic wildfires, smoke, shutoffs, excessive and escalating utility rates and debts, environmental injustice and climate disruption, including:

- After the latest rate hikes on December 19th, the fifth and sixth granted in the 2024 calendar year<sup>12</sup>, Pacific Gas and Electric Company’s rates are now the highest in California, which has the second highest electric rates in the nation<sup>13</sup>. In 2024 alone, Pacific Gas and Electric Company increased rates by over 12 percent and in the last 10 years, averaged bundled residential rates more than doubled. Pacific Gas and Electric’s rates are increasing nearly four times faster than the national average.<sup>14</sup> These substantial and excessive rate hikes disproportionately impact low-income communities, Indigenous People, migrant communities and communities of color. We recognize lack of sufficient income is a strong determinant of health outcomes. Poverty<sup>15</sup> in Berkeley is higher than the regional average. Thus, PG&E’s rate hikes have a disproportionate impact on Berkeley residents.
- PG&E-caused wildfires, due to negligence in maintaining their transmission and distribution infrastructure, and lack of transparency regarding safety checks in part for the purpose of maximizing profits and bonuses for their shareholders and executives<sup>16</sup>, generate a range of adverse outcomes for communities across California, such as the loss of human lives (PG&E has been found and admitted guilt for having killed at least 117

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<sup>12</sup> [https://ia.cpuc.ca.gov/agendadoocs/3556\\_results.pdf](https://ia.cpuc.ca.gov/agendadoocs/3556_results.pdf)

<sup>13</sup> [California electricity prices now second-highest in U.S.: ‘Everyone is getting squeezed’](#)

<sup>14</sup> [California electric bills have essentially doubled over the past decade](#)

<sup>15</sup> [Poverty - Vital Signs - SF Bay Area](#)

<sup>16</sup> [How PG&E Ignored Fire Risks in Favor of Profits](#)

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people since 2010<sup>17</sup>), destruction of over 1.5 million acres of land and over 24,000 structures<sup>18</sup>, respiratory harms from smoke, mental health impacts and economic impacts. Considering the cumulative impacts of smoke exposure on Berkeley residents, especially for Black, Latine, Asian, and Native communities, preventing PG&E-caused wildfires is a significant priority for improving public health and safety for Berkeley.

- Utility shut-offs, which cause significant and disproportionate health, safety, and economic impacts on low-income people, disabled people, children, babies, and elderly people due to perishable food going bad and refrigerated medications expiring when the power is out for extended periods; endangerment of life and significant health impacts on people dependent on power to live through medical devices such as ventilators and electric wheelchairs, and health risks from heat stroke or heat exhaustion from loss of air conditioning during extreme heat days, and safety risks from breakdown of telecommunications<sup>19</sup>; and

**WHEREAS**, recognizing the long-term unsustainability of the incumbent system and the likelihood of its eventual failure, as a first step, in 2020 the state created the not-for-profit public benefit corporation, Golden State Energy, through passing SB350<sup>20</sup>, the Golden State Energy Act. Golden State Energy is legally designated as a receiver for PG&E’s assets for the purpose of owning, controlling, operating, or managing electrical and gas services for its ratepayers should PG&E fail; and

**WHEREAS**, a technical feasibility study would enable the state to determine if the best ownership structure for ratepayers and for the state for such a successor entity to PG&E should be a public utility, mutual benefit corporation (cooperative), or not-for-profit public benefit corporation (as is currently written in law); and

**WHEREAS**, the City of Berkeley understands the principle that energy is a human right and should not be sold to generate profit for anyone, and is committed to support all of our residents to access safe, renewable, clean, affordable and reliable energy; and

**WHEREAS**, Berkeley faces significant interconnection delays on building infrastructure and developing clean energy projects. Operationalization and permitting of buildings’ electrical systems, and installation of solar and battery projects depends on PG&E; and

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<sup>17</sup> [PG&E disasters killed 117 people last decade.](#)

<sup>18</sup> [Many Californians still ‘trapped’ years after PG&E fires. Has the company improved safety? | PBS News](#)

<sup>19</sup> <https://supreme.courts.ca.gov/sites/default/files/supremecourt/default/documents/2-20-s273340-records-rec%27d-022822.pdf>

<sup>20</sup> [Bill Text - SB-350 The Golden State Energy Act.](#)

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**WHEREAS**, the City of Berkeley’s electrical and gas infrastructure faces unique risks of inundation or limited access to energy facilities or infrastructure due to flooding and sea level rise; and

**WHEREAS**, Berkeley residents experience the adverse effects of receiving electric power and gas utilizing the infrastructure of PG&E, an investor-owned utility (IOU), including:

- The recognition that rates are higher in IOU service territories across California – including in PG&E’s service territory – than in not-for-profit utilities (including municipal utilities, rural electric cooperatives, and tribal utilities), which has resulted in working class and low-income people paying higher rates.
  - Sacramento Municipal Utility District’s (SMUD) rates are 57.8% cheaper than PG&E’s.<sup>21</sup>
  - Alameda Municipal Power’s rates are 48% cheaper than PG&E’s.<sup>22</sup>
  - Anza Electric Cooperative’s rates are 59% cheaper than PG&E’s.<sup>23</sup>
  - According to the Legislative Analyst’s Office, on average, California IOU electricity rates are more than 50 percent higher than rates charged by publicly owned utilities.<sup>24</sup>
- The recognition that PG&E is incentivized to make expensive, inefficient and unnecessary infrastructure investments that prioritize the maximization of shareholder profits over health, safety, economic, and environmental benefits for ratepayers.<sup>25</sup>

**NOW THEREFORE BE IT RESOLVED**, that the City of Berkeley supports the allocation of state fiscal and staff resources to commission a feasibility study that compares various not-for-profit utility models prioritizing public benefits in energy generation, distribution, and transmission; and the development an equitable implementation plan that establishes a statewide successor entity known as “Golden State Energy” as a successor to investor-owned utilities such as Pacific Gas and Electric; and

**BE IT FURTHER RESOLVED** that the City of Berkeley declares that it is in the best interest of its residents for California to support a worker- and community-led just transition away from for-profit utility models and toward publicly owned, cooperative, and nonprofit energy service models; and

**BE IT FURTHER RESOLVED** that the City of Berkeley will send a letter to the Governor and the Legislature urging them to:

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<sup>21</sup> <https://www.smud.org/Rate-Information/Compare-rates>

<sup>22</sup> <https://www.alamedamp.com/DocumentCenter/View/482/Alameda-Municipal-Power-Fact-Sheet-PDF>

<sup>23</sup> <https://www.anzaelectric.org/sites/default/files/Rate%20Sheet%20-%20Rate%201%20Residential%20OCT%202024.pdf>

<sup>24</sup> <https://lao.ca.gov/Publications/Report/4950>

<sup>25</sup> [Here's the Real Reason PG&E Rates Are Skyrocketing in California - The Santa Barbara Independent](#)

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- **Invest in a feasibility study** to assess the viability of transitioning PG&E to a not-for-profit successor entity, evaluating the merits of a public benefit corporation, public utility, or cooperative mutual benefit corporation.
- **Co-design Golden State Energy with frontline communities** including wildfire survivors, labor unions, people with disabilities, Indigenous leaders, and environmental justice organizations to ensure that the new utility is democratically governed and accountable to the public rather than state agencies, the Governor’s office, or investor interests.
- **Develop a justice-centered implementation plan** that includes a clear transition timeline, outlines agency responsibilities, and ensures that burdens and benefits are equitably distributed among California residents.
- **Enable a worker- and community-led transition** by revoking PG&E’s business license and transferring its assets to Golden State Energy, ensuring continuity of service and prioritizing affordability, reliability, and resilience in California’s energy system.

**BE IT FURTHER RESOLVED** that the City of Berkeley recognizes that moving beyond investor-owned utilities is essential for achieving energy justice, affordability, and climate resilience, and commits to advocating for state action to replace PG&E and other IOUs with a more equitable and sustainable model.

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**ATTACHMENT #2**

City of Berkeley  
2180 Milvia St  
Berkeley, CA 94704

Date

**TO:** Governor Gavin Newsom, Senator Jesse Arreguin and Assemblymember Buffy Wicks

**FROM:** Berkeley Mayor Ishi and City Councilmembers

**RE: The City of Berkeley Supports state investment in building a new not-for-profit utility for community benefit to replace PG&E**

Dear Governor Newsom, and Honorable Members of the California State Assembly and State Senate,

On **[DATE]**, City of Berkeley City Council Members voted to adopt the attached Resolution of the Council of the City of Berkeley in support of State investment in building a new not-for-profit utility for community benefit to replace PG&E

The unanimous passage of this resolution demonstrates the Berkeley City Council's understanding that PG&E's systemic failures have made it unsafe, unaffordable, and unsustainable to remain as Northern California's electric utility monopoly. A viable and superior alternative is needed. The unexpected failure of PG&E would have catastrophic impacts on Berkeley residents, businesses and public services. PG&E's historic and current practices adversely impact a wide array of municipal services, such as, but not exclusive to the interconnection and permitting of new traffic signals; the development of new affordable housing units and the decarbonization of both affordable and market-rate existing housing units; the development, interconnection and permitting of wastewater treatment facilities; the development and decarbonization upgrades of libraries; and more. This is due to PG&E's consistent practice of delaying and overcharging for permits to connect new construction and electrical upgrades to PG&E's electrical transmission and distribution grid. For all of these reasons and more, the City of Berkeley declares it is in the best interest of our residents that California makes a Just Transition<sup>26</sup> away from all for-profit utility service models to not-for-profit utility service models, such as Golden State Energy (GSE).<sup>27</sup> .

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<sup>26</sup> [Putting California on the High Road: A Jobs and Climate Action Plan for 2030](#)

<sup>27</sup> Link to SFPUC & SF LAFCO Report & Recommendations on GSE, until ROP's GSE Report Vol I is released for distribution.

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In June 2020, SB-350, the Golden State Energy Act, was enacted into law creating a framework for establishing Golden State Energy (GSE) to receive PG&E's assets and authorized GSE to take the basic actions necessary to ensure continuity of critical electrical and gas service in Northern California. However, SB350's design is skeletal, and GSE remains unstaffed and unfunded, creating significant uncertainty in the state's ability to act quickly in the event of PG&E's unexpected failure. With the increasing severity and unpredictability of our climate crisis, it is critical that we prepare for that eventuality in a way that prepares GSE to meet Californians' modern energy needs.

Our communities deserve safe, reliable, affordable, clean and equitable energy provisions and the eventual implementation of GSE depends on legislative leadership. Therefore, the City of Berkeley urges the Governor and the California State Legislature to:

- Invest resources to study Golden State Energy - a not-for-profit successor alternative to PG&E, either as a not-for-profit public benefit corporation, a public utility, or a cooperative mutual benefit corporation - in order to identify a recommended model, assess the feasibility of transitioning PG&E to a successor entity, and identify priority just design features for the successor entity, with the goal of serving the public interest and necessity of the people and ecologies of California.
- Co-design Golden State Energy with frontline community<sup>28</sup> representatives, including but not limited to wildfire survivors, labor unions, people with disabilities, Indigenous leaders and Tribes, people harmed by PG&E's negligence, and economic, racial, and environmental justice organizations, the aforementioned groups to be a deeply democratic utility that is structurally accountable to the public – particularly frontline communities – with meaningful and equitable community engagement practices, rather than to the investor-owned utilities, the California Public Utilities Commission, the Governor's office or its departments
- Implement Golden State Energy using a justice-centered implementation plan which outlines a timeline and transition process to the successor entity, including recommendations for which branches of government or agencies should be responsible and in coordination with which portions of the public, to ensure the transition fairly minimizes burdens and unintended consequences and fairly maximizes benefits in service of the public interest and necessity.

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<sup>28</sup> "Frontline communities are those who are most *vulnerable* to a particular burden or impact. They are also most *sensitive* to its effects, and have less *adaptive capacity* to mitigate the harm they are experiencing. Low-income and BIPOC residents of EJ neighborhoods are also frontline and most vulnerable to climate impacts: they are most exposed, more sensitive to, and have lower adaptive capacity to adapt to the impacts of climate change. As low-income residents of EJ communities are least responsible for causing the climate crisis in the first place, climate change ends up being an 'injustice multiplier.'" (Oakland General Plan Update 2045, Racial Equity Impact Assessment | Environmental Justice & Safety Elements, Marybelle Nzegwu Tobias & Colin Miller, Environmental / Justice Solutions, p. 5, 2023, available online at [RACIAL EQUITY IMPACT ASSESSMENT](#))

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- Enable a worker- and community-led just transition<sup>29</sup> by revoking PG&E's business license and transferring its assets to the not-for-profit successor utility Golden State Energy as the Provider of Last Resort for PG&E's territory.

We strongly urge you to take leadership as representatives of the people of California, towards legislative action to implement Golden State Energy.

Sincerely,

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<sup>29</sup> [Putting California on the High Road: A Jobs and Climate Action Plan for 2030](#)

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ATTACHMENT #3: <https://reclaimourpowerca.org/wp-content/uploads/2024/06/TheCaseForGoldenStateEnergyReport.pdf>

