



San Francisco  
**Water Power Sewer**

Services of the San Francisco Public Utilities Commission

**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**  
City and County of San Francisco

**London N. Breed**

Mayor

**MINUTES**  
**SPECIAL MEETING**  
**Budget Hearing #4**  
**Thursday, January 30, 2020**  
**9:00 A.M.**

(Approved February 11, 2020)

**NOTE DIFFERENT TIME AND LOCATION**

525 Golden Gate Avenue, Second Floor  
O'Shaughnessy Conference Room  
San Francisco, CA 94102

**Commissioners**

Ann Moller Caen, President  
Francesca Vietor, Vice President  
Anson Moran  
Sophie Maxwell  
Tim Paulson

**Harlan L. Kelly, Jr.**

General Manager

**Donna Hood**

Secretary



For information, contact the Commission Secretary at 415-554-3165  
Minutes and other information are available on the SFPUC web site:

[www.sfwater.org](http://www.sfwater.org)

## ORDER OF BUSINESS

1. Call to Order  
*Budget Chair Caen called the meeting to order at 9:09 am.*

2. Roll Call  
*Present: Caen, Vietor, Moran, Maxwell, and Paulson*

*President Caen thanked Lee Sayao and SFPUC IT staff for their work to set-up the budget hearings.*

3. Summary of Commissioner Questions from the January 9 Budget Hearing #1, January 16 Budget Hearing #2, and January 23 Budget Hearing #3, and staff answers

*Chair Caen asked the Commissioners if they had any questions regarding questions posed at past three budget hearings, copies of which were distributed.*

*Commissioner Moran requested additional information regarding self-funded and historical position substitutions. He requested clarification to a response provided to his question regarding WSIP bonding authority (question BizSrv4). Brief discussion ensued. Commissioner Moran discuss re-base lining and clarified his request.*

*Vice President (VP) Vietor requested additional discussion at some point regarding workforce planning, maturity models, and matrix. She noted the need to expeditiously complete capital contracting work, either via work orders with DPW, with private contractors, or a combination of both. Brief discussion ensued.*

*In response to a request made by Commissioner Maxwell at the January 28, 2020 Regular Commission meeting, Steve Ritchie, Assistant General Manager (AGM) Water, provided an update regarding the Mountain Tunnel: (1) Mountain Tunnel background, (2) Mountain Tunnel map, (3) Priest Portal and concrete coring, and (4) Mountain Tunnel update summary.*

*CFO Sandler responded to questions from VP Vietor regarding original project costs and subsequent adjustments.*

### Public Comment

*Francisco DaCosta discussed his experience working in the Southeast Sector and in the Presidio. He discussed Mountain Tunnel and the need to know what was done by Jacobs. He discussed the Calaveras Dam.*

*Also in response to Commissioner Maxwell's January 28<sup>th</sup> request, Tim Ramirez, Division Manager, continued with a presentation on the Peninsula Watershed Wildfire Risk Management and Trail Projects: (1) Watershed and Wildfire risk reduction efforts, (2) Peninsula Watershed general information,*

(3) Peninsula Watershed fire defense map, (4) Peninsula Watershed annual work (firebreak maintenance, roadside hazard reduction, Right-of-Way fire guarding and weed abatement, and powerline fire guarding), (5) Peninsula Watershed fuel management (fuel break maintenance, hazard tree removal, prescribed burns with Cal Fire, and other projects), and (6) Peninsula Watershed – looking ahead.

Director Ramirez discussed the SFPUC Bay Area Ridge Trail. He displayed a map showing the location of the Southern Skyline Boulevard Ridge Trail extension, discussed project components, construction in remote locations, and noted the total project budget of \$21.8 million. He continued with display of a map of the Southern Skyline Boulevard Ridge Trail extension and reviewed a timeline of the Trail Extension.

President Caen expressed her dislike of public intrusion into the SFPUC Watersheds and that it is not necessary to open the Watershed for educational or recreational purposes. Mr. Ramirez provided comment.

#### Public Comment

- Francisco DaCosta noted the Governor's efforts for wildfire mitigation. He indicated that humans do not belong on the Watershed. He stated the First People need to be consulted.

#### 4. Power Enterprise Budget and Capital Plan

- FY2020-21 and FY2021-22 Power Enterprise Operating Budget
- FY2020-21 through FY2029-30 Power Enterprise Capital Plan, including the FY 2020-21 and FY2021-22 Capital Budget

#### 5. CleanPowerSF Budget and Capital Plan

- FY2020-21 and FY2021-22 CleanPowerSF Operating Budget
- FY2020-21 through FY2029-30 CleanPowerSF Capital Plan, including the FY2020-21 and FY2021-22 Capital Budget

Barbara Hale, AGM Power, began with a review of Hetch Hetchy Power (HHP), San Francisco's publicly-owned retail electric unit, and of CleanPowerSF (CPSF), the City's Community Choice Aggregation Program. She presented a map displaying the street and pedestrian lighting maintained by the Power Enterprise.

AGM Hale stated that HHP and CPSF are the dominant supplier, relying on the PG&E-owned grid, and that they provide 70-80% of the supply, with PG&E supplying 10-20%, and Direct Access supplying 10%). She stated that PG&E has 85% of the delivery grid while HHP has 15% (with dependency on PG&E's grid). AGM Hale reviewed the supply, transmission and delivery process.

AGM Hale presented the Power Enterprise organizational chart and introduced Division Managers.

Ms. Hale reviewed the Power Level of Service (LOS): (1) Supply – provide reliable, clean energy at competitive prices in support of city-wide climate goals, (2) Transmission – provide reliable, cost-effective transmission services, (3) Distribution – provide a secure, cost-effective, and reliable distribution system, (4) City Programs – maintain safe, secure streetlights and offer valuable customer programs, and (5) Power Administration - enhance customer and user satisfaction through effective customer service and achieve operational excellence and sustainability in all system activities. sustainability in all system activities.

AGM Hale reviewed six priority strategies developed through the Power Business Plan: (1) Distribution: ensure affordable access to PG&E's distribution grid, (2) Customers: grow sales to maximize Hetch Hetchy value for San Francisco, (3) Supply: pace spending with customer growth, (4) Transmission: streamline spending, (5) Distribution: invest strategically to reduce costs and ensure customer stability, and (6) Cross Functional: invest to ensure commercial speed and high levels of service. She noted their two-year budget proposal is guided by the SFUPC Strategic Planning Goals.

AGM Hale presented the CPSF and Hetchy Power Use of Funds for FY2020, FY2021 and FY2022.

AGM Hale discussed specific budget requests:

- People:  
Focus on retaining employees and improving competitiveness in the labor market
  - Convert 18 temporary positions into permanent positions (net \$0)Ensure appropriate organizational span of control
  - Addition of Deputy Managers in Hetch Hetchy Power (\$452k)
- Resiliency – Power Supply:  
Power Supply - increase Power supply budgets (noted by category)
  - FY20-22 Hetch Hetchy request of \$12.3 million
  - FY20-22 CPSF request of \$35.7 million
- Resiliency Staff Facilities - increase Hetch Hetchy rent budget (properties owned by the Power Utility Field services Yard being sold, new space to be rented)
  - FY20-22 request of \$2.9 million
- Resiliency - Staff to deliver capital programs for appropriated Utility Field Services and Distribution Engineering projects
  - Nine project-funded positions
- Resiliency - Safety and Financial Planning FY20-22 Requests
  - Safety Analyst position \$100k
  - Financial Planning consultant for the required Power rate study \$300k
- Utility of the Future  
Enhance energy data systems

- FY20-22 request \$1 million
- Capital investment to increase revenue and local investment
- Staff to help deliver first-ever CPSF Capital Program – two project-funded positions

New revenue sources reduce reliance on Hetch Hetchy Revenue for eligible users

- Cap and Trade - \$7m over 10 years
- Distributive Antenna - \$33m over 10 years
- Low Carbon Fuel Standard - \$18m over 10 years

AGM Hale presented the CPSF Total Budget (FY2020-21 request 0% change; FY2021-22 request 6% change); Hetchy Power Total Budget (FY2020-21 request; 13%; FY 2021-22 request 4%); CPSF full-time authorized positions (FY2020-21 request 55% change; FY2021-22 request 29% change); Hetchy full-time authorized positions (FY2020-21 request 9% change; FY2021-22 request 2% change).

The Commission took a break at 10:53 am and reconvened at 11:10 am.

AGM Hale continued with discussion of Capital requests:

Utility of the Future - Local

- CPSF Local Renewable Energy Program. Funds new renewable energy and battery storage on city-owned sites in San Francisco and the Bay Area
  - Two-year budget request FY20-22 \$946 million
  - Ten-Year Budget Plan FY21-30 \$62.6 million
- CPSF and Hetch Hetchy Power: Customer Programs. Funds the planning, development and operations of new programs for customers
  - Two-year budget request FY20-22 \$8.1 million
  - Ten-Year Budget Plan FY21-30 \$46 million
- Hetch Hetchy Power: SFO substation improvement. Equipment upgrades necessary to meet the airport's electrical needs
  - Two-year budget request FY20-22 \$0 (zero) million
  - Ten-Year Budget Plan FY21-30 \$119.4 million
- Hetch Hetchy Power: Distribution Interface, Redevelopment Projects.
  - Two-year budget request FY20-22 \$44.6 million
  - Ten-Year Budget Plan FY21-30 \$260.5million
- Hetch Hetchy Power: Treasure Island
  - Two-year budget request FY20-22 \$8.9 million
  - Ten-Year Budget Plan FY21-30 \$41.8 million
- Hetch Hetchy Power: Bay Corridor Transmission/Distribution
  - Two-year budget request FY20-22 \$10.4 million
  - Ten-Year Budget Plan FY21-30 \$10.4 million
- Hetch Hetchy Power: Intervening Facilities
  - Two-year budget request FY20-22 \$0 (zero) million
  - Ten-Year Budget Plan FY21-30 \$48 million

- *Hetch Hetchy Power: Streetlight Replacement*
  - *Two-year budget request FY20-22 \$0 (zero) million*
  - *Ten-Year Budget Plan FY21-30 \$30.5 million*
- *Hetch Hetchy Power: Renewable/Generation-small renewables*
  - *Two-year budget request FY20-22 \$2 million*
  - *Ten-Year Budget Plan FY21-30 \$10 million*
- *Moscone West – 900kW Solar Electric Project*
  - *Design Phase – estimated completion FY21 (Q4) - \$3 million budget*
- *SFPD Academy 150kW Solar Carport and Battery Storage - \$2.0 million budget*
- *Hetch Hetchy Power: Energy Efficiency General Fund*
  - *Two-year budget request FY20-22 \$2 million*
  - *Ten-Year Budget Plan FY21-30 \$10 million*
- *San Francisco Fire Department Headquarters HVAC and Controls Project - \$400k budget*
- *San Francisco Sheriff's Department LED lighting - \$500k budget*
- *San Francisco Zoo fuel, switching/electrification - \$800 budget*

*AGM Hale continued with a final review of the CleanPowerSF FY2020-21 to FY2021-22 Two-Year Capital Budget and FY2020-21 to FY2029-30 10-Year Capital Plan; the FY2020-21 to FY2029-30 Hetchy Water and Power Capital Plan; and she concluded with the FY2020-21 to FY2021-22 Hetchy Water and Power Capital Budget.*

Public Comment

- *Francisco DaCosta discussed the Precautionary Principle. He stated that Hunter's Point is a Superfund Site and that the Commission is not aware of what is happening on Treasure Island.*

6. Adjournment

*Chair Caen adjourned the hearing at 11:40 pm.*