



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

**London N. Breed**  
Mayor

**SPECIAL MEETING MINUTES**  
**Friday, February 2, 2024**  
**9:00 AM**  
**(Approved February 13, 2024)**

1 Dr. Carlton B. Goodlett Place  
City Hall, Room 416

**Commissioners**

Tim Paulson, President  
Anthony Rivera, Vice President  
Sophie Maxwell  
Newsha Ajami  
Kate H. Stacy

Dennis J. Herrera  
General Manager

Donna Hood  
Commission Secretary

1. Call to Order

*President Paulson called the meeting to order at 9:01 am.*

2. Roll Call

*Present: Paulson, Rivera, Maxwell, Ajami and Stacy*

3. Summary of Budget Hearing Questions

*GM Herrera provided response to a question asked at the last meeting regarding contracting and staff vacancies, stating that there is no correlation between the two and that consultants are not replacing civil service staff, but are that at most augmenting SFPUC staff and only for specific approved reasons. He reviewed process for contracting out work, stating it is a well-defined and public process, with notice to labor partners, with numbers show it is used sparingly.*

*No public comment.*

4. Power Enterprise and CleanPowerSF

a) FY 2024-25 and FY 2025-26 Operating and Capital Budgets, and 10-Year Capital Plan

*Barbara Hale, Assistant General Manager (AGM) Power Enterprise presented the Power Enterprise Organizational Chart, introduced managers in attendance, and briefly described their roles. She noted that the Power Enterprise has two budgets, one for Hetch Hetchy Power (San Francisco's publicly owned, retail electric utility) and one for Clean Power SF (San Francisco's Community Choice Aggregation Program). Together they provide more than 75% of the electricity consumed in San Francisco. There are more than 25,000 streetlights in San Francisco and the Power Enterprise funds all costs associated with the operation and maintenance, including about 18,000 owned by PG&E.*

Revenues:

- *Power Enterprise: FY 24-25 - CleanPowerSF \$463 million and Hetch Hetchy Power \$265 million, for total revenues of \$728 million; FY 25-26 - CleanPowerSF \$426 million and Hetch Hetchy Power \$312 million, for total revenues of \$777 million.*
- *Hetch Hetchy Power Revenues support capital and operating expenses "in-city" and "upcountry". Hetchy Power ratepayers pay for Hetch Hetchy System capital, operations, and maintenance: 100% of power costs and 55% of joint costs.*
- *CleanPowerSF Revenues support operating expenses for the CleanPowerSF Program.*

*AGM Hale discussed how the Power Enterprise is addressing budget priorities to create a Utility of the Future via: (1) Affordability (efficient capital planning); (2) Responsible Management (financial sustainability, workforce, reducing vacancies and increasing retention, and responsible management of systems); and (3) Investing Where it Matters (resilience and climate change, contributing to economic vitality: capital investment and job creation, and meeting new customer demands).*

*AGM Hale reviewed the Power Enterprise's five Level-of-Service (LOS) Goals that are tied to functional budget areas: (1) Power Supply, (2) Power Transmission, (3) Power Distribution, (4) City Programs, and (5) Power Administration. These are the first step in Power's annual planning process and are used to identify gaps and inform budget requests. The LOS Goals are consistent with crating a utility of the future in terms of affordability,*

*responsible management, and investing where it matters.*

*AGM Hale reviewed:*

- Hetch Hetchy Power Growth Overview: FY2023-24 (\$220.4 million), FY2024-25 (\$228.1 million), and FY2025-26 (\$257.2 million).*
- Hetch Hetchy Power Growth Drivers: FY2024-25 requested 3% increase; and FY25-26 requested 13% increase compared to the FY2023-24 adopted budget.*
- Hetch Hetchy Power Position Changes: FY2024-25 requested 15% increase; and FY25-26 requested 2% increase compared to the FY2023-24 adopted budget.*
  
- CleanPowerSF Growth Overview: FY2023-24 (\$369.9 million), FY2024-25 (\$452.6 million), and FY2025-26 (\$446.9 million).*
- CleanPowerSF Growth Drivers: FY2024-25 requested 22% increase; and FY25-26 requested (1%) compared to the FY2023-24 adopted budget.*
- CleanPowerSF Position Changes: FY2024-25 requested 8% increase; and FY25-26 requested 0% increase compared to the FY2023-24 adopted budget.*

*Power supply and delivery is driving rate increases. Hetch Hetchy Power and CleanPowerSF are both affected by increased costs for energy, Resource Adequacy, and Renewable Portfolio Standard. Customer load growth is also increasing energy procurement needs for both programs. Hetchy Hetchy Power is also affected by growing costs of purchased transmission and distribution. Power supply and deliver costs projected to be a large and growing share of total Power Enterprise expenses in both program for the foreseeable future.*

*AGM Hale provided clarification to a comment from Commissioner Ajami regarding the cost of using PGE assets and explained the processes for power purchase, distribution, and transmission. She responded to a follow up question regarding what the budget might look like if PG&E assets were acquired by the City.*

*AGM Hale responded to a question from Commissioner Ajami as to how the decision was made to highlight certain priorities in the budget development, stating those that are highlighted involve a proposal before the Commission. She stated that all of the priorities are part of the organization.*

*In response to a request from Commissioner Maxwell for an example regarding the priority: Responsible Management: Accountability: Racial Equity and Transparency, AGM Hale stated it aligned with programs and staff interface with customers, with a focus on addressing disadvantaged and low-income communities. She noted work of the customer engagement team that sits with customers.*

*In response to question from Commissioner Maxwell regarding the total number of positions in the Power Enterprise, AGM Hale stated that there are currently 213 positions, with a CleanPowerSF request for 12 new positions (five new positions and seven conversions from temporary-to-permanent), and a Hetchy request for 17 new positions (eight new positions and nine conversions from temporary-to-permanent) for a total request of 235 positions. She stated the December vacancy was 14.6% for CleanPowerSF and 27.4% for Hetchy. She stated the majority of the vacancies are working through the hiring process. She discussed the various classifications being filled and noted competition for staff with other utilities,*

especially for high voltage line workers. She discussed compensation issues with PG&E and other Community Choice Aggregation (CCA) Programs. In response to additional comments, AGM Hale discussed outreach efforts that describe the SFPUC's services provided.

Commissioner Stacy noted the difficulty in recruiting for specialized positions. Laura Busch, Deputy CFO responded to questions from Commissioner Stacy regarding "other" costs on growth drivers, stating that those are miscellaneous items that don't rise to line items, such as inflationary costs and immaterial costs. CFO Hom stated that insurance costs are the primary driver in second year.

Commissioner Ajami suggested the need for a line item for direct advertising. GM Herrera stated that the agency is constantly looking at ways to communicate and how to best tell the SFPUC's story in the most effective and positive way, including expanded use of social media outreach.

President Paulson asked that staff keep the Commission apprised of potential costs if PG&E's assets are acquired.

Operating Request Summary:

- (1) Meeting new customer demands: (a) Redevelopment areas e.g., Treasure Island/Yerba Buena Island, HopeSF, Mission Rock, and Hunters Point; (b) meet requirements of the City's Housing for All Action Plan and Power's LOS.
- (2) Resilience and climate change: Incentivize customers to investing energy efficiency, decarbonization and other measures that support local clean energy development and job creation.
- (3) Financial sustainability: Support growth and increased complexity of both Power Enterprise programs to meet LOS on rates, customer service, and power supply.
- (4) Responsible management of our system, maintenance: Support maintenance and repair of growing stock of physical infrastructure to meet LOS on asset management, streetlights, and distribution services.
- (5) Workforce – reducing vacancies, increasing retention: Retain high-performing employees by converting currently temporary funded positions into stable permanent positions. Attract, develop, and retain a safe, healthy, productive, diverse, and well-equipped workforce.
- (6) Other major operating requests: Include funding for charter-required rate studies. Hetch Hetchy insurance premium requirements are rising in citywide risk management work order in FY26.

Commissioner Ajami stated in addition to resilience, climate change and mitigation, that adaption is also needed. AGM Hale replied that much of the adaptation work is on how the SFPUC constructs and anticipates what will need to change through design. She stated that staff are engaged with resiliency work through capital planning.

Commissioner Maxwell questioned if the CCAs work together on position classifications to which AGM Hale replied that the CCAs support each other, have formed a human resource team, and are leveraging opportunities between the CCAs.

Capital Requests

Hetch Hetchy's \$1.2 billion Capital plan has grown by \$639 million (107%) with most of the

*growth in major new investments in retail distribution. Key growth drivers include Carbon Free Steam, Downtown Ferry electric, SFO Substation, Intervening Facilities, Grid Connections, BCTD back up loop, and Port of Oakland substation.*

*Capital Prioritization Criteria*

- (1) Revenue generating does the project increase net new revenue over the life of the asset?;*
- (2) Climate Action/Equity: does the product address the City's climate action or equity goals?;*
- (3) Requirement to Serve: is the project necessary to serve municipal customers, or developers with a signed development agreement, or other required City customers?; and*
- (4) Technical Feasibility Readiness: is the project designed to complete and construction is in progress or imminent, or is the project of a repair and renewal nature and can be implemented on an ongoing basis without extensive design or environmental review?*

*Investing Where it Matters - meeting customer demands: Retail Distribution*

- Major Investments: FY25 & FY-26 request \$40.9 million. 10-Year request \$553.9 million.*
- SFO Substation Improvements: FY25 & FY-26 request \$34.5 million. 10-Year request \$241 million.*
- Carbon Free Steam: FY25 & FY-26 request no new funds requested. Using prior year balances for planning. 10-Year request \$216.5 million.*
- Downtown Ferry & South Beach Electrification. FY25 & FY-26 request \$6.4 million. 10-Year request \$96.4 million.*
- Other: FY25 & FY-26 request \$25.6 million. 10-Year request \$286.1 million. Includes Intervening Facilities, grid connections, affordable housing transmission and distribution, and SFMTA electrification.*
- Redevelopment: FY25 & FY-26 request \$39 million. 10-Year request \$180.1 million.*

*Responsible Management - Systems, Maintenance*

- Reliability/Continuity of operations: FY25 & FY-26 request \$6.8 million. 10-Year request \$96.41 million.*
- Streetlight repair and enhancements: FY25 & FY-26 request \$7.2 million. 10-Year request \$48.2 million.*

*Responsible Management – Financial Sustainability*

- Public power expansion FY25 & FY-26 request \$13.9 million. 10-Year request \$59.5 million.*

*Resilience and Climate Change*

- Local renewables and energy efficiency FY25 & FY-26 request \$5.1 million. 10-Year request \$68.5 million.*

*In response to a question from President Paulson regarding Carbon Free Steam and the Cordia Energy Project's relationship with the SFPUC, AGM Hale indicated that Cordia would ultimately be a customer of the SFPUC and that the SFPUC would construct facilities on Cordia property, with a distinct connecting point separating what Cordia and the SFPUC owns.*

*AGM Hale responded to a question from Commissioner Paulson regarding power outages on Treasure Island (TI) stating that the SFPUC is a contractor to the Treasure Island*

*Development Authority (TIDA). She discussed SFPUC service to legacy customers and to new development on TI, noting specific budget requests to improve service for legacy customers. She stated a timeline is not known at this point, but she will check with TIDA.*

*AGM Hale responded to Commissioner Ajami's question as to whether there are other sources of steam that can be repurposed rather than generating steam, stating that the SFPUC is not in the business of manufacturing steam. She indicated staff will talk to Cordia about options and opportunities.*

*AGM Hale and Deputy GM Ron Flynn responded to a request from Commissioner Maxwell for the meaning of "franchise agreement" stating it allows an operator, such as PG&E, to access public rights-of-way. They must remit revenue to the City and County of San Francisco and are required to move facilities when they are in the way of City projects.*

*The Commission thanked staff for their presentations during the budget hearings and the important work they do.*

*GM Herrera thanked the Commission for their comments and input during the budget hearings which staff will take into account for the February 13<sup>th</sup> proposed budget approval presentation.*

*No public comment.*

5. Adjournment

*President Paulson adjourned the meeting at 10:48 am.*